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THESIS

US FUNDING FOR THE UN

by

Patrick L. Neel

September 1999

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US FUNDING FOR THE UN

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ABSTRACT

Although the US is the largest single contributor of funds to the UN, it is also the largest debtor, owing over $1.2 billion to the world body. The growth of US arrears is primarily the result of UN peacekeeping operations which more than tripled in number during the 1990's. US reluctance to pay off the debt is breeding resentment among UN members and undermining US influence. This thesis strives to develop an in-depth understanding of the processes and policies used by the US government to provide financial resources to the United Nations. A focused review of pertinent literature and public law sheds light on how the numerous limitations on US spending for the UN threaten the fiscal well-being of the United Nations. The UN budget structure, the congressional budget process, and major factors influencing US spending for the UN are explored, as well as the implications of continued US reluctance to pay its UN debts. Major findings are that the growth of US arrears is a result of increased fiscal constraints within the US budget, the politics linking US funding for the UN to international family planning (abortion), and pressure for the UN to initiate administrative and peacekeeping policy reforms.

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I. INTRODUCTION

A. OVERVIEW

In the 1990's, media attention has focused on the "enormous" debt owed by the United States to the United Nations. The US continues to balk at the payment of $1 billion in arrears to the UN. US reluctance to pay off the debt is breeding resentment among other members of the world body. According to UN policies, deficit spending is not permitted. To make up for the delinquency of US payments, other member nations have not been reimbursed for peacekeeping operations support. There is growing concern that the US may lose its vote in the UN General Assembly due to the arrearages.

Few people realize that while the US is the largest UN debtor, it is simultaneously the largest single supplier of funds as well. US funding for the UN is much larger in scope than the payment of dues alone. In fact, the majority of US budgetary support for the UN involves the supply of US military personnel, equipment, and capital assets by the Department of Defense for designated UN peacekeeping operations.

In order to fully understand the issues behind US funding for the UN, one must understand how these funds are provided. Obstacles within the process take many forms and are impacted by a wide range of complex political and fiscal issues. These issues include, but are not limited to, anti-abortion policies, public reaction to current peacekeeping operations, and the discretionary spending caps and "pay-as-you-go" spending policies originally imposed by the Budget Enforcement Act (BEA) of 1990.

B. SCOPE OF THESIS

My area of research concerns developing an in-depth understanding of the processes and policies used by the US government to provide financial resources to the United Nations. Limitations on US spending for the UN impose limitations on the fiscal well being of the UN. Understanding the elements that determine these limitations is key to understanding how the US has come to be the largest single supporter of funds to the UN as well as the largest debtor. This thesis addresses the continued struggle facing policymakers over the post-Cold War shift in the nature of US funding to the UN, i.e., the shift from the paying of dues to the increased support of peacekeeping operations.

This thesis attempts to provide a thorough understanding of the complexity involved in US budgeting for the United Nations. I will describe the UN budget structure, the forces that drive the US budgetary process, and the major elements influencing US spending for the UN. Determinates of UN budgeting and spending are not specifically addressed. However, this thesis does investigate the budgetary processes, political concerns, and fiscal policies which contribute to the US status as "largest debtor and contributor" to the United Nation. It also examines the process by which DoD funds reach the UN and how these funds have become the most significant (and least understood) portion of US funding for the UN. Finally, the implications of continued US reluctancy to pay its UN debts are discussed briefly.

C. PRIMARY RESEARCH QUESTION

The primary research question for this thesis is: What are the major factors affecting the flow of financial resources from the US government to the United Nations? Factors which affect the flow of US funds to the UN are broad in scope. These factors range from the politics of deficit control and abortion issues to the increased demand for US military support in post-Cold War UN peacekeeping missions.

D. SUBSIDIARY RESEARCH QUESTIONS

In support of the primary research question, the following questions are addressed in one of the following five chapters of this thesis.

1. What is the structure of the UN budget?
2. What major problems does the UN budget face?
3. What major budget reforms have been enacted by the UN?
4. What US budget policies impact US support for the UN?
5. What are the limitations on US spending for the UN?
6. What factors explain establishment of the spending limitations?
7. How are US funds and resources distributed to the UN?
8. What roles do the State Department and the Department of Defense (DOD) play in the distribution of funds to the UN?

E. METHODOLOGY

The methodology for this research consists of the following: (1) reviewing pertinent literature and public law, (2) obtaining documentation regarding the United Nations' budgetary structure, (3) developing charts and/or graphs to illustrate the fiscal structures of the US and UN budgets, and (4) developing charts and/or graphs to illustrate US State Department and Department of Defense spending for the UN.

F. CHAPTER CONTENTS

Chapter II focuses on the UN budget. The contents include a thorough description of the structure of the UN budget, the major UN budget problems, and a review of recent UN budget reforms. Also, a review of US fiscal support for UN programs is presented.

Chapter III presents the congressional budget process and spending for the UN. This chapter includes an overview of the congressional budget process, and the significance of the budget resolution. Additionally, US spending for the UN is delineated by source component; State Department and Department of Defense.

Chapter IV discusses the major factors driving the US budget; specifically, the basic trends in entitlement and discretionary spending.

Chapter V addresses the statutory limitations imposed on US spending for the UN. This chapter describes the current limitations on US spending for the UN regular budget, peacekeeping operations and international tribunals. A discussion of contributions to UN specialized agencies and the voluntary contributions of goods and

services to UN peacekeeping and other activities is also presented. Furthermore, a breakdown of general US arrearages to the UN is included.

Chapter VI presents conclusions drawn from the presented research. The contents include a discussion of the implications of continued policy constraints on US funding. The shift from the payment of dues to the provision of peacekeeping defense assets will most assuredly have consequences. This chapter will address the scope of these possible consequences in both the present and future and possible alternatives for resolving the issue growing US arrearages to the United Nations.

G. BENEFIT OF RESEARCH

The primary benefit of the research is to demonstrate the links between the budget process and the constituent elements of the budget and the US funding for the UN. This thesis could be used by US and UN officials responsible for executing these funds to increase their understanding of the US budgetary process and its implications for fiscal support of the UN.

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II. THE UNITED NATIONS AND ITS BUDGET

A. FROM THE LEAGUE TO THE UNITED NATIONS

1. The League of Nations

Though the United Nations has existed for nearly fifty-four years, its roots trace back 79 years to the establishment of the League of Nations in 1920. The League of Nations emerged from the smoke of World War I as an idealistic medium in pursuit of eternal peace enforced predominately by a European Federation. [Ref. 1] "It was the first effort in world history to create an international organization, with a permanent body, to oversee relations between the states of the world." [Ref. 2] The idea of "peace" embodied by the Covenant of the League of Nations was that if one nation was insecure then all nations were insecure [Ref. 2].

The organization of the League centered around an assembly of 65 members and a council of 10 members, five of which were permanent members. A unanimous vote in these bodies was required to make collective security decisions binding, a feature attributed by many historians to the League's ultimate demise.

The League was broken down further into a system of expert committees and agencies. These sub-groups were concerned with a vast array of political, social, and economic issues. In all, the League's 670 civil servants operated with annual budgets ranging from 2.5 to 7 million US (then year) dollars, a non-trivial amount [Ref. 2]. Budgetary constraints required constant attention on cutting expenses and prioritizing missions.

By the early 1930's the League began to disintegrate. Failure to achieve unanimity over various collective security issues and a lack of resolve by its members to enforce the body's ideals culminated in the informal dissolution of the League and the widening of World War II. [Ref. 2]

2. Establishment of the United Nations

Soon after the United States entered into World War II, the question of maintaining peace and security once the conflict was resolved again took form. Diplomatic conferences were held at various times and locations throughout the war. The three principal allies, the United States, Great Britain, and the Soviet Union, dominated the evolutionary process of creating a second generation League of Nations, the United Nations. Finally, at the San Francisco Conference held during the closing days of World War II, the 50 founding member states signed The Charter of the United Nations. [Ref. 1]

B. THE UNITED NATIONS CHARTER AND ORGANIZATIONAL STRUCTURE

1. The Charter

As with any organization, in order to understand how and why the United Nations operates, functions, and allocates scarce resources as it does, one must first develop an understanding of what motivates the UN to act and respond within its environment. It is this author's opinion that one need look no further than the UN Charter for these motives. The intentions, purposes, and principles of the United Nations are specifically

laid out in the Preamble and Articles One and Two of the UN Charter as shown in Appendix A. The remaining articles, 111 in all, embody the tangible aspects of the organization. [Ref. 3] They cover fundamental concepts spanning areas concerning membership criteria and responsibilities, establishment of subsidiary organs, the composition, functions, powers and procedures governing the General Assembly, Security Council, Economic and Social Council and Trusteeship Council, and other miscellaneous, yet significant, aspects of the organizational design and structure.

2. The Structure of the United Nations and the UN System

The United Nations is comprised of five principal bodies; the Secretariat, the General Assembly, the Security Council, the Economic and Social Council, and the International Court of Justice. From these five principal bodies, numerous UN programs have been formed to perform the operational functions of the individual bodies. Some of the more familiar organizations include the World Food Program (WFP), the United Nations Children's Fund (UNICEF), and the United Nations Headquarters (UN) located in New York City. These are examples of programs established by the General Assembly and funded primarily through voluntary contributions by UN members. Leaders of such organizations are appointed by the UN Secretary-General. [Ref. 4]

Other programs and operations are directed by the Security Council. Most of these are associated with international peacekeeping such as the ill-fated United Nations Operations in Somalia (UNOSOM) or the numerous United Nations Protection Forces (UNPROFOR) operating in and around the world's "hot spots" (Bosnia-Herzegovina, Macedonia, etc) [Ref. 5].

There are other familiar organizations that are specialized agencies within the UN System or organizations affiliated with the United Nations through various cooperative arrangements. These include the World Bank (WB), the International Monetary Fund (IMF), the World Health Organization (WHO), the World Meteorological Organization (WMO), and several others. It is important to understand that many organizations are autonomous. Their leadership and operations are neither controlled nor chosen by the United Nations. Each organization is administered by those member nations which comprise the body. [Ref. 4] Like the United Nations, these affiliated organizations were formed to tackle international problems and issues which would be impossible for one nation to address. "Legitimacy, effectiveness, and cost consideration all point toward using a multilateral approach." [Ref. 6] Figure 1 is a pictorial representation of the "UN System."

3. The Secretariat

The Secretariat is led by the Secretary General of the United Nations. It is noteworthy that the UN Charter dictates that the position of Secretary General is an appointed position (five year term), not an elected position. This is indicative of predominantly administrative positions. However, the office of Secretary General has evolved into an extremely public, hugely political entity. The Charter states that "The Secretary-General shall be appointed by the General Assembly upon the recommendation of the Security Council." [Ref. 2]

The Secretary General is charged with "bring(ing) to the attention of the Security Council any matter which in his opinion may threaten the maintenance of international

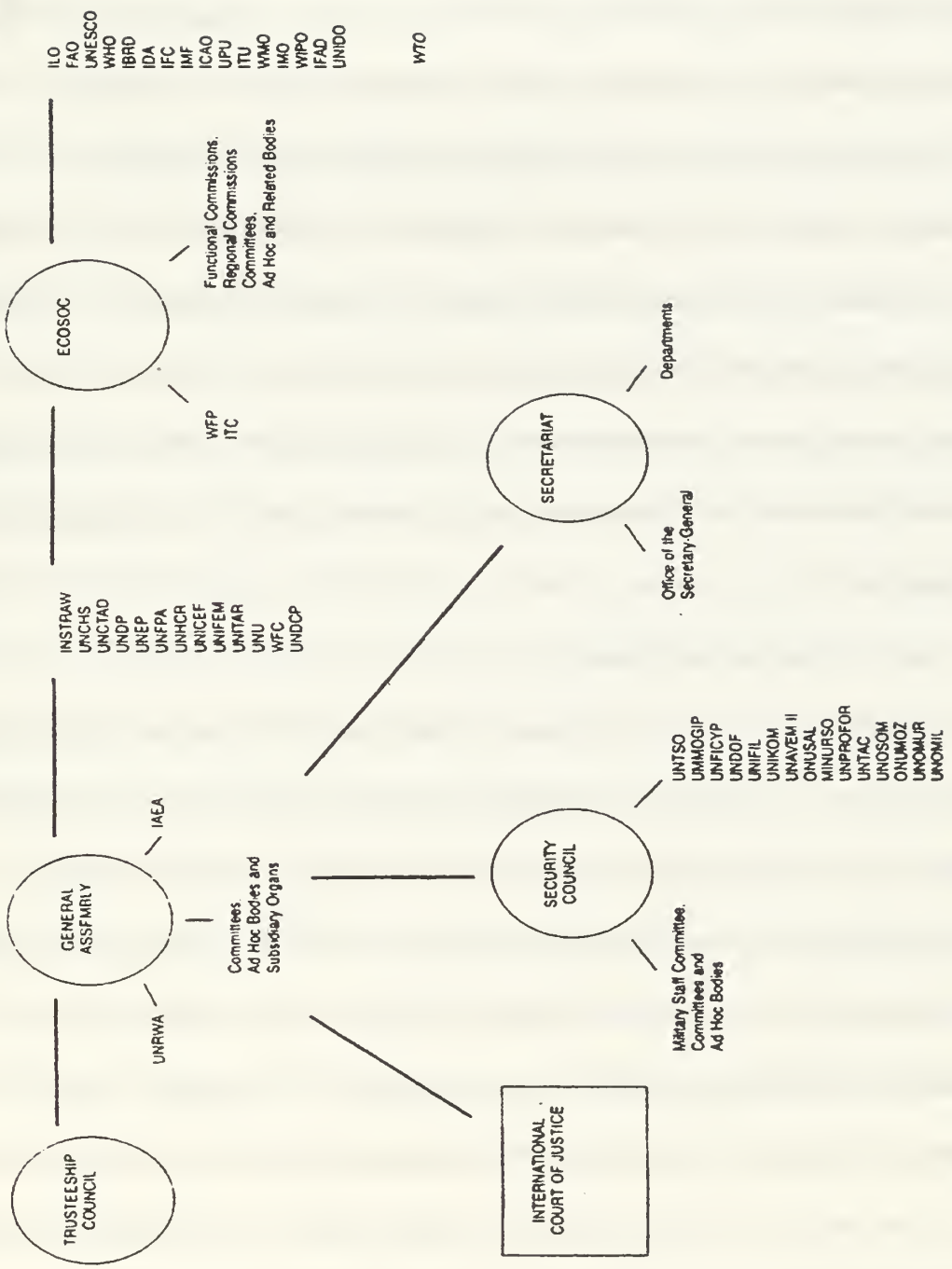

Figure 1. The United Nations System, From Ref. [2]

peace and security. [Ref. 3] Other duties include: attempting to "resolve international disputes, administering peacekeeping operations, organizing international conferences, gathering information on the implementation of Security Council decisions, and consulting with member governments regarding various initiatives." [Ref. 7] Furthermore, as the "chief administrative officer" he "shall perform other such functions as are entrusted to him" by other primary bodies of the organization [Ref. 3]. To assist the Secretary General, the Secretariat is composed of an enormous staff, the size of which was sharply criticized when in 1995 it had reached nearly 15,000 strong. Reforms within the Secretariat as well as the other primary bodies of the UN are discussed later in this chapter.

4. The Security Council

The United Nations Security Council is comprised of 15 members, each having veto voting power. Ten of the members (five from Africa and Asia, one from Eastern Europe, two from Latin America, and two from Western Europe and other areas) are elected by the General Assembly and serve two-year terms. The "major powers" make up the five permanent members of the Security Council. They are: China, France, Russia, the United Kingdom, and the United States. [Ref. 7] All Security Council mandates are binding on UN members. This includes decisions to implement military force, or levy political, military, or economic sanctions. [Ref. 8] The Security Council is charged with the "primary responsibility for the maintenance of international peace and security" by Article 24 of the UN Charter [Ref. 3].

5. The General Assembly

The United Nations General Assembly is comprised of a representative from each of the 185 members of the United Nations. The General Assembly, the main legislative body of the United Nations, is made up of mostly "career diplomats" and political figures. The General Assembly meets annually in September and October and special sessions are convened if necessary. Collectively, the General Assembly serves as a parliamentary vehicle for member nations to address both global and often seemingly domestic issues. The General Assembly has the power to admit, or expel or suspend members and make recommendations (resolutions) on matters which fall within the realm of UN Charter goals. All matters are decided by majority vote with the notable exception of budgetary decisions, where a two-thirds majority is needed. It is also important to note that only budgetary matters, including the scale of assessment for member financial contributions, are binding on all members. [Ref. 7]

While the Security Council is charged with maintaining international peace and security, the General Assembly can be viewed as fostering peace and security. Generally, the General Assembly's programs fight humanity's battles. The scope of this task is admittedly overwhelming. To manage the enormity of the tasks at hand, the General Assembly confronts major issues via specialized agencies and committees. The main committees and their primary jurisdictions are:

1. the First Committee (Disarmament and International Security);

2. the Second Committee (Economic and Financial);

3. the Third Committee (Social, Humanitarian and Cultural);

4. the Fourth Committee (Special Political and Decolonization);

5. the Fifth Committee (Administrative and Budgetary); and,

6. the Sixth Committee (Legal). [Ref. 9]

Other specialized committees address issues including the status of women, UN Charter reform, outer space, crime prevention, and peacekeeping [Ref. 7]. Through these committees, the General Assembly administers and provides direction for UN programs and allocates resources via the United Nations' budget.

The General Assembly and the Security Council have an interesting, circuitous, and confusing relationship. In summary, the member nations of the UN have conferred, via the Charter, the responsibility of maintaining international peace and security onto the Security Council. They agree that the Security Council acts on their behalf when discharging these duties (Article 24). The General Assembly may "consider the general principles of cooperation in the maintenance of international peace and security . . . and may make recommendations with regard to such principles . . . to the Security Council . . . and may call the attention of the Security Council to situations which are likely to endanger international peace and security" (Article 11) [Ref. 3]. However, "(w)while the Security Council is exercising in respect of any dispute or situation the functions assigned to it in the present Charter, the General Assembly shall not make any recommendation with regard to that dispute or situation unless the Security Council so requests" (Article 12) [Ref. 3].

Yet the General Assembly holds the purse strings in funding the operations of the other bodies, and could, indirectly, exercise some control. On the other hand, the main

contributors of resources to that budget are among the five permanent members of the Security Council, who, if determined, could continue to operate through voluntary contributions or unilateral action.

C. THE UNITED NATIONS AT 50 YEARS

The United Nations and its predecessor, the League of Nations, were created despite a world where nation-states dominated international affairs. As long as member nations' national priorities were not adversely affected by the organization, it served its purpose. But, as evidenced by the collapse of the League, member dissent can be the international body's demise. Nevertheless, in a world healing from the wounds of two global wars, the United Nations somehow managed to survive despite the polarization of power between Eastern and Western bloc ideologies. Perhaps the slow integration of societies and cultures after World War II has "fundamentally altered perceptions of sovereignty and national interests." [Ref. 2] It has become increasingly difficult to differentiate between national and international affairs. Today, global market economies make this nearly impossible. The "successes" of the United Nations during this period, dominated by the Cold War, are significant, as are the challenges it faces in the post-Cold War environment.

In its first decade, the United Nations proved hugely successful from an American perspective. Security Council efforts resulted in the withdrawal of Soviet troops from Azerbaijan and French troops from Syria and Lebanon. A multilateral UN "police action" maintained South Korean independence. General Assembly efforts were a

catalyst for independence for Indonesia, former colonies of Italy and for Israel. During this period, the United Nations operated with a relatively small budget of only $20 million. The US paid roughly 40 percent of this amount. [Ref. 10]

During the next 30 years, the United Nations, like the world, was dominated by the bipolar struggle of the Cold War. Understanding the effect of the Cold War period on congressional attitudes toward the United Nations is essential to understanding the political atmosphere surrounding the organization today.

Throughout the Cold War, the United Nations was dominated by a single trend, i.e., a regional, East versus West competition. The United States and the Soviet Union both struggled to "exploit the world body in furthering their respective interests." [Ref. 10] Gaining the favor of nonaligned third world states was the means used by the Soviets to undermine US influence in the UN. The US, on the other hand, used the broader scope of basic human rights as its "platform."

In the 1950's and 1960's, the US led the majority within the General Assembly. However, by the mid-1970's the USSR "was voting with a new majority in about two-thirds of the roll call votes, usually against the position of the Untied States." [Ref. 10] US involvement in the "Bay of Pigs" invasion and conflicts in Southeast Asia, including Vietnam, were among the many reasons third world nations were becoming disenchanted with the United States.

Gradually, Congress became more and more critical of the United Nations and "multilateralism." It seemed as if the tides had turned, and the US and its NATO allies found themselves pitted against the rest of the world in the General Assembly.

Ironically, widespread congressional disenchantment with the UN began in 1964 when the General Assembly failed to invoke Article 19, which would have denied the USSR its vote in the General Assembly, after they had accumulated more than two years in arrears. In the mid-1970's, Senator Daniel Moynihan, the permanent US representative to the UN, described the United Nations as a "dangerous place." [Ref. 10] In 1979, Congress passed legislation (Kemp-Moynihan Amendments) barring US financial contributions for UN supported liberation movements such as the Palestine Liberation Organization (PLO). Withheld portions of US assessments for legislative and policy reasons caused US arrearages to the UN to accumulate. The US policy of withholding portions of US assessments to the UN is discussed in detail in Chapter V of this thesis.

Congressional anti-UN sentiment grew even more when Soviet UN Under-Secretary-General Arkady Schevchenko defected in 1978. He exposed the USSR's use of the United Nations and its Secretariat as a base from which to conduct espionage against the United States. [Ref. 10] In summary, the Cold War's impact on the UN bred skepticism within the US Congress towards the United Nations. The UN was generally viewed as anti-American and inefficient.

Soon after the end of the Cold War, the United Nations enjoyed a brief period of public optimism fueled by a series of successes in Cambodia, Central America, the Iran-Iraq War, Namibia and the Gulf War. Efforts were initiated by the Bush administration to address the payment of US arrears. Newly appointed Secretary-General Boutros Boutros-Ghali seemed determined to constrain the seemingly out of control UN budget,

and address the issues facing the post-Cold War United Nations. It appeared as if the United Nations had found an important role to play in post-Cold War global politics.

But there were failures, as well, notably in Bosnia, Rwanda, and most significantly, Somalia. The brutal slaying of 18 US Army Rangers in Somalia "unleashed a firestorm in the US Congress, the American media, and the Public." [Ref. 10] Public support in the US for the UN was crushed. "UN-bashing" by Congress and the media reached new heights.

From the perspective of the UN budget, the timing for such tragedy couldn't have been worse. The "budget crunch" years in the US were well underway. The balanced budget imperative made funding for the UN an easy target for "savings." Votes cast against UN initiatives, operations, and program funding were politically "cost-free." Even though international affairs appropriations account for less than 1.5 percent of the federal budget, its lack of constituency made it extremely vulnerable [Ref. 10].

US sentiment has fueled numerous studies and reports publicizing UN inefficiencies. With most of the world's governments struggling with similar budgetary constraints, there is heightened interest in "getting more for their money" where the UN is concerned. Consensus for UN reform has developed among many, if not most, UN member nations. However, with the US being the largest contributor to the UN, most of the attention has focused on US "demands," invoking criticism that the US is making the UN a "fiscal hostage" by withholding funds until reform issues are addressed.

Overall, the first 50 years of the UN's history have been fraught with dramatic change. Membership has grown from 50 nations to 185. Where sovereignty was once

the focus, globalization is more prevalent. The independence of nations is becoming "interdependence of nations." It has become very difficult for nations to shield themselves from the effects of the events occurring within or among other nations. The profound effects of the recent Asian financial crisis on American and European markets are only one example of how far reaching "domestic" issues can become in an increasingly global economy.

The number of non-governmental organizations (NGO's) and other non-state actors has increased dramatically. A 1995 Commission on Global Governance estimated that there were approximately 29,000 NGO's world-wide. "These organizations represent no single country but people across national, cultural and political boundaries." [Ref. 10] The growing power and influence of NGO's within the arena of international economics and politics demands attention from UN member states. There are even some NGOs participating in a few UN forums [Ref. 2].

The interdependence of nations is highlighted by the increasing number of inter-regional cooperation efforts like the European Union (EU), the North American Free Trade Agreement (NAFTA), and the Asia-Pacific Economic Cooperation forum (APEC) [Ref. 2]. These examples indicate a renewed realization that economic security and national security are interdependent as well.

While no UN members disagree that the United Nations is in need of significant reforms, there is no consensus concerning how to achieve this goal. As for the United Nations, the major problem it currently faces is a nearly crippling lack of resources.

D. THE STRUCTURE OF THE UN BUDGET

> Whatever the pace of decision-making, the member governments must adopt a budget and provide for finances if there is to be an international institution at all. [Ref. 11]

The UN Charter clearly states that the operations and activities of the body shall be financed by the member states. As members, each nation is bound by their acceptance of the Charter to contribute their portion of financial resources as assessed by the organization. Therefore, nations pay particular attention to the body's budget. The budgetary process has always been one of intense political jockeying similar to that of budgeting at the national scale.

1. The Three Types of UN Budgets

The United Nations uses three types of budgets: the regular budget, covering administrative costs and costs of directly funded UN special agencies; the peacekeeping budget, which funds only those programs which deploy peacekeeping or humanitarian action troops; and the international criminal tribunal budget [Ref. 12]. As shown in Figure 2, around 98 percent of the budget is dedicated to the regular budget and peacekeeping operations. Only 2 percent is represented by international criminal tribunal requirements. [Ref. 12] In addition to these budget categories, many of the autonomous agencies within the UN system operate solely, or in part, through the voluntary contributions of member states and private citizens to specialized projects or agencies [Ref. 13].

The two-year regular budget for the United Nations and certain specialized agencies is funded via financial assessments placed on member states. Each member is

assessed an amount to contribute based on that country's ability to pay as a function of Gross National Product (GNP) over a six-year base period [Ref. 14]. The scale of

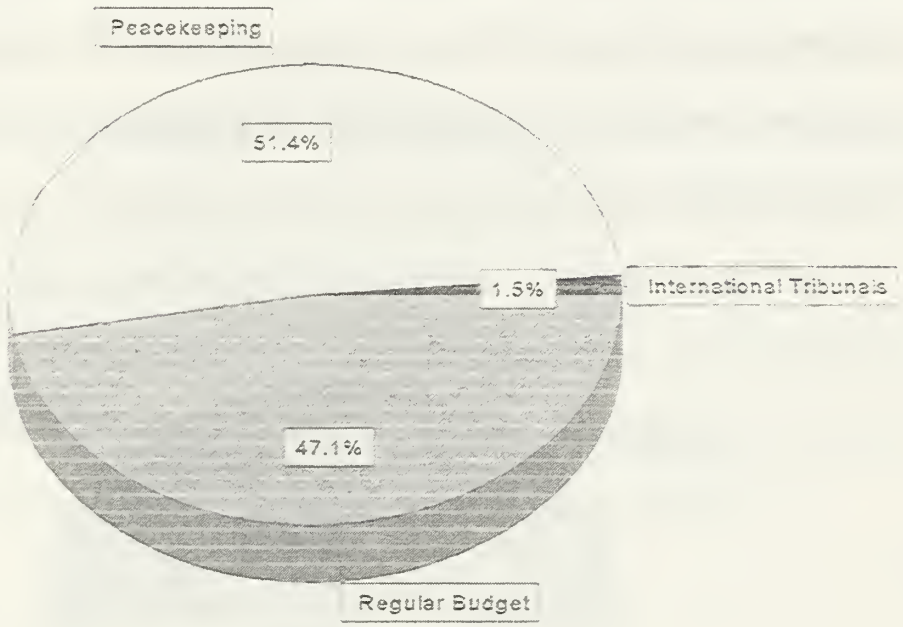

Figure 2. The 1996-1997 Budget for the United Nations, After Ref [12].

assessments has a ceiling of 25 percent of the total UN regular budget and a floor of .001 percent. The 25 percent ceiling was established under significant pressure by the United States to lower its assessment which was reaching as high as 31.7 percent in the early 1990's. The assessment floor was lowered from .02 percent to .01 percent in 1978 and then again to .001 percent in 1997 to accommodate "less economically developed countries."

As of 1999, the United States was assessed 25 percent of the UN regular budget. Seventy-three percent of the UN regular budget is contributed by eight nations; the United States (25%), Japan (14%), Germany (9%), Russia (6%), France (6%), the United Kingdom (5%), Italy (5%), and Canada (3%) [Ref. 7]. The remaining 177 nations contribute between .001 and 2.999 percent (Figure 3) [Ref. 11]. The assessment scale formulas have been the focus of many volatile debates regarding UN reform, addressed in Section E of this chapter.

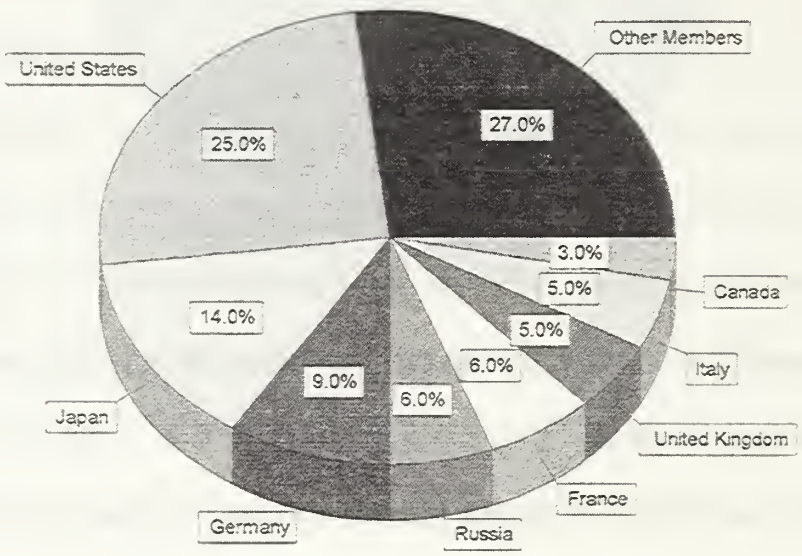

Figure 3. United Nations Regular Budget, 1996-1997, After Ref. [7].

United Nations peacekeeping operations are also funded by member state assessments. However, a revised formula is employed to pay for these activities. The 185 UN member states are divided into four groups. Group D members, consisting of the

"least economically developed" countries, are required to pay 10 percent of what they pay for regular budget assessments. Group C members, "less economically developed" countries, pay 20 percent of their regular budget assessment. Members in Group B, the "developed" states, are assessed the same percentage for both the regular budged and peacekeeping operations. Finally, Group A, made up of the five permanent members of the Security Council (who must approve all peacekeeping operations), covers the balance of peacekeeping costs. The result is a sometimes significantly higher percentage share of peacekeeping costs than regular budget costs for Group A nations. [Ref. 15] The percentage of costs paid by each group is shown in Figure 4. Congress has prohibited the US government from contributing more than 25 percent of UN peacekeeping costs, even though under UN assessment scales it is obligated over 30 percent [Ref. 14].

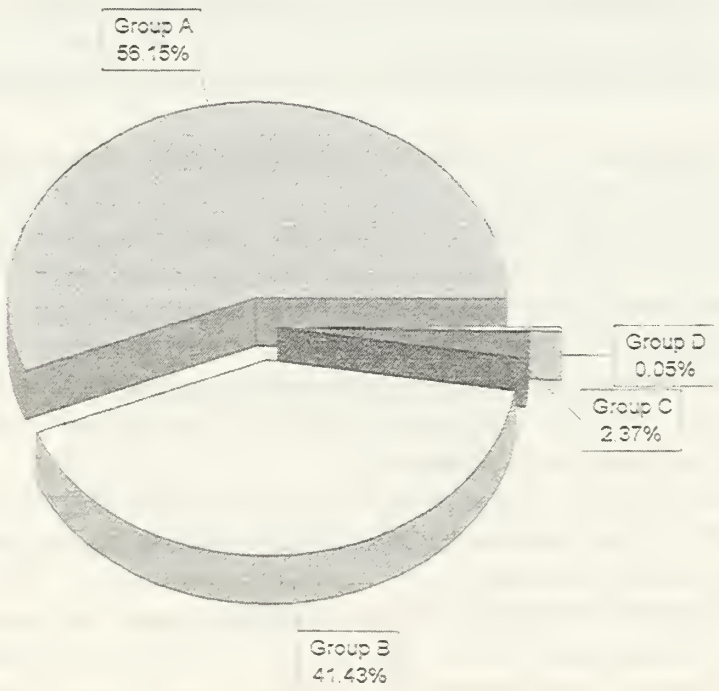

Figure 4. Special Assessment Scale for Peacekeeping, After Ref. [16].

Special UN programs, and activities, like the WFP, UNICEF, WMO, IMF, and the WB, are sustained by voluntary contributions from member nations. Such contributions are made in the form of cash, services, equipment and food. [Ref. 7] The UN programs which operate on voluntary contributions comprise a significant portion of the organization's activities, especially in areas of humanitarian relief, drug control, economic development, and the environment [Ref. 15]. For example, in 1995, the UN system received just under $10 billion in voluntary contributions, four times the total amount received from assessed contributions [Ref. 13]. These programs operate with funds not included in the UN regular, peacekeeping, or international tribunals budgets.

2. The UN Budget Process

Until 1974, the UN budget was prepared annually. Since that time, a biennial budget was prepared in four and six-year "medium-term" plans. This was consistent with the move towards program budgeting and planning which was popular in the early 1970's. The goal was "to provide member states with a comprehensive picture of the motive, scope and objectives of the programs of activity of the Organization and of the resources required for the fulfillment of these objectives." [Ref. 17] The program budget provides full descriptions of each subsidiary body and agency, their legislative basis, objectives, and resource requirements.

The Secretary General is responsible for translating the goals, tasks, and priorities of the many bodies within the UN into an initial proposal for a biennial budget. This proposal is then reviewed by several committees and advisory boards which are instrumental in the formulation of the final budget proposal. The Advisory Committee

on Administrative and Budgeting Questions (ACABQ), also known as "the Fifth Committee," is the primary vehicle for budget review [Ref. 18]. The ACABQ is composed of 16 members, selected from a broad range of geographic areas, experience and qualifications. Members are appointed from 16 different nations by the General Assembly, serve three-year terms, and must have at least three financial experts among them. The ACABQ was established in 1946 to:

1. Examine and report on the program budget submitted by the Secretary-General to the General Assembly;

2. Advise the General Assembly concerning any administrative and budgetary matters referred to it;

3. Examine on behalf of the General Assembly the Administrative budgets of specialized agencies and proposals for financial arrangements with such agencies;

4. Consider and report to the General Assembly on the auditor's reports on the accounts of the United Nations and the Specialized agencies. [Ref. 11]

The ACABQ enlists the assistance of the Committee for Program Coordination (CPC) in order to review the programmatic particulars within the budget. The CPC is the primary instrument of the Economic and Social Council (ECOSOC) and is charged with planning programming and coordinating UN System operations. The CPC reviews UN programs proposed in the budget, makes priority recommendations, and provides guidance to the Secretariat on translating legislation into programs in a manner that avoids programmatic redundancy. [Ref. 14] Essentially, the CPC looks at all of the

programs in the UN and performs a "sanity check," ensuring that the programs are congruent with UN ideals and priorities.

The most significant aspect of the CPC is that it is a consensus organization. All 34 members must agree unanimously on the budget prior to submitting it to the Fifth Committee (Administrative and Budgetary). The CPC consists of a "equitable geographic distribution" of members appointed by the General Assembly from Africa (9), Asia (7), Latin America and the Caribbean (7), Eastern Europe (4), Western Europe and others (7) [Ref. 11]. Though not a requirement, the five permanent members of the Security Council have always been among the committee members. As a result, the US is provided de facto approval authority on the regular UN Budget [Ref. 14].

The ACABQ and the CPC also consult the Joint Inspection Unit (JIU) in their budget review endeavors. The JIU is the chief policy review agency for the UN system and is comprised of 11 inspectors, each elected to five-year terms. Inspectors are recognized experts on the UN system. Basically, it performs the role of an external oversight body conducting inspections related to the effectiveness and efficiency of the UN operations. The efforts of the JIU have been commended by the United States, but the lack of attention given to its recommendations has drawn US criticism. [Ref. 14].

Once the Fifth Committee receives the budget for further debate, the budget is considered to be the Secretary General's formal budget proposal. Adoption of the budget in the Fifth Committee requires a two-thirds majority before it can be forwarded to the General Assembly. Once in the General Assembly the matter of the budget is essentially an administrative one with little debate involved.

It is important to note here that this budget process does not describe the allocation of funds for UN peacekeeping activities. [Ref. 6] Methods for financing peacekeeping operations vary by operation and are generally determined by the Security Council. Some are funded through the UN's regular budget. A few are financed wholly by voluntary contributions, such as operations in Cyprus (UNFICYP). Others have been financed primarily by the most concerned parties. Most, however, are financed by the Security Council through the special arrangements mentioned earlier. [Ref. 15]

The adopted budget for regular UN activities outlines the organization's proposed undertakings and the needed appropriations to finance them over a two-year period. Then, the resources must be gathered to execute the budget. This is when the Committee on Contributions (COC) recommends to the General Assembly the scale of regular budget assessment for member states using methods discussed earlier in this chapter. Once assessed, member states are required under the UN Charter to provide their contributions. [Ref. 15] A simplified depiction of this budget process is shown in Figure 5.

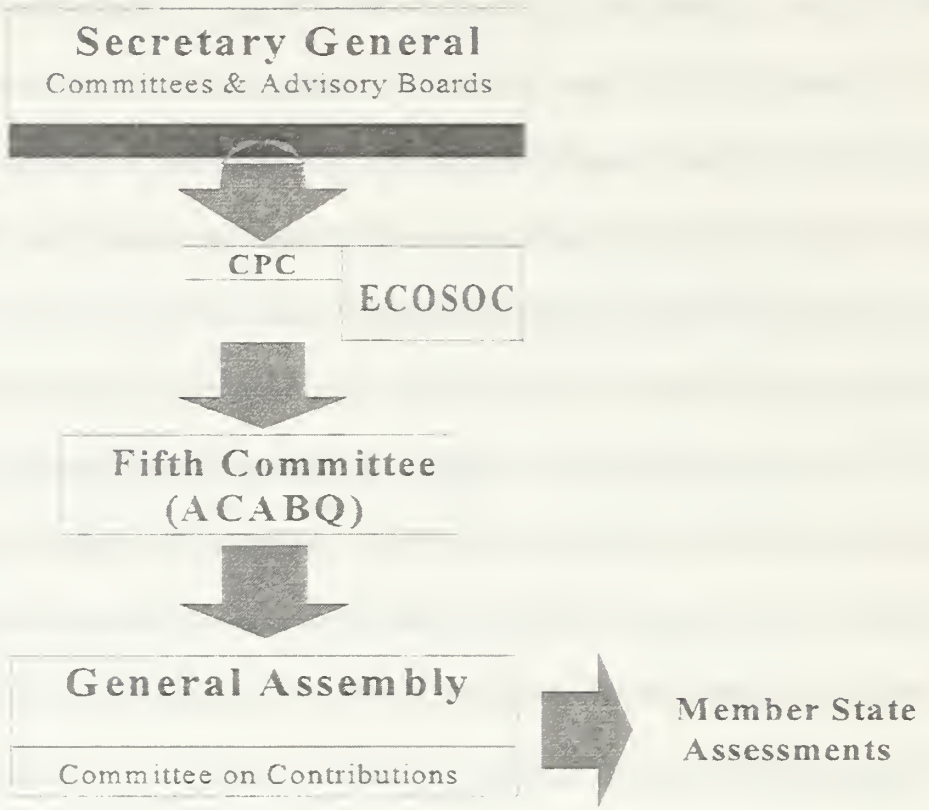

Figure 5. United Nations' Biennial Budget Process, After Ref. [14].

E. THE UN FINANCIAL CRISIS AND REFORMS

The greatest obstacle facing the United Nations in the future is the same as it has been throughout the 1980's and 1990's; UN members failing to pay their regular and peacekeeping budget contributions at all or on time.

1. The Accumulation of Arrears

By 28 February 1998, 166 of the 185 UN members were responsible for approximately $2 billion in arrears. As evident by Figure 6, member states' arrears included $461.3 million for regular budget assessments, $1.5 billion for peacekeeping assessments, and $10.7 million for international criminal tribunals. These figures do not include $1.2 billion in outstanding assessments for 1998 due on 31 January 1998.

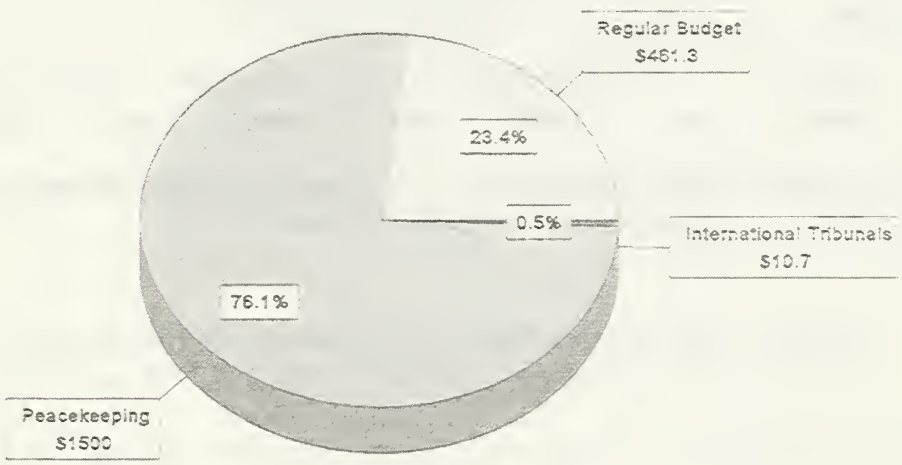

Figure 6. Member States' Debt to the UN (in Millions), 28 February 1998, After Ref. [12].

Peacekeeping assessments are due within 30 days of billing. [Ref. 12] These indebtedness levels have been commonplace among the UN members. Figure 7 shows trends in unpaid assessments in the 1990's.

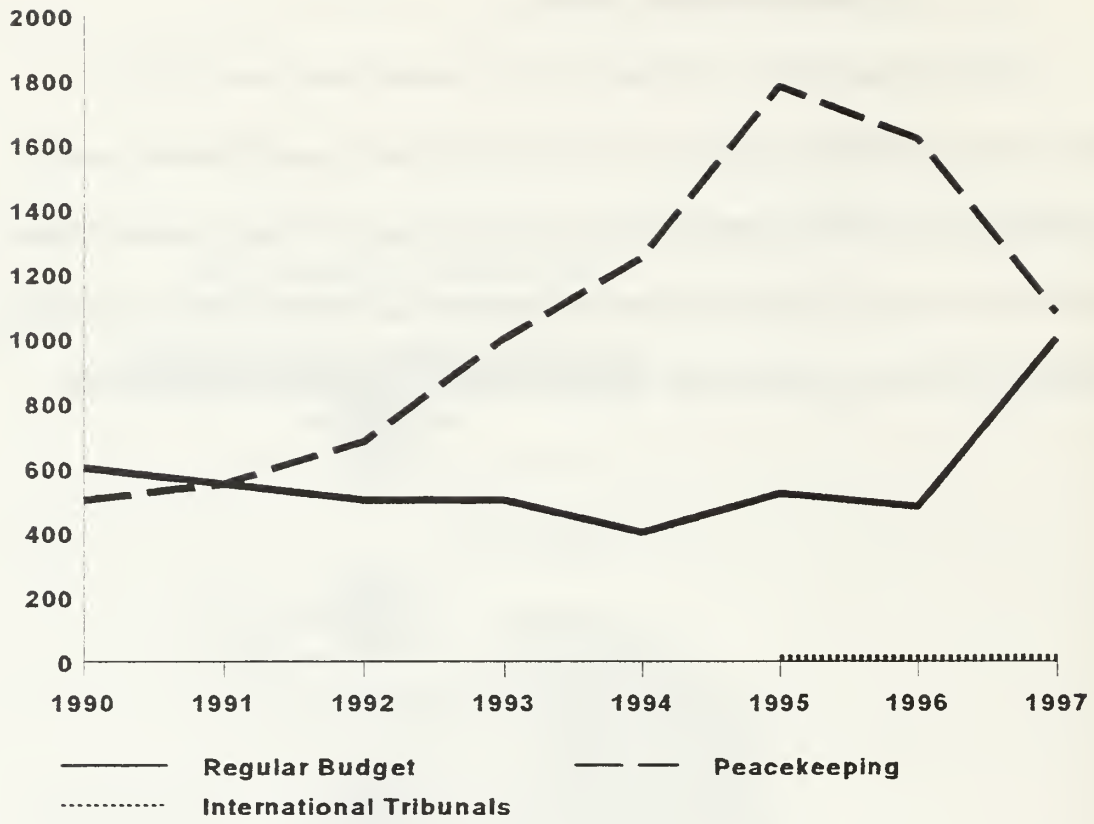

Figure 7. Unpaid Assessments (in Millions) by All UN Members, 1990-97, From Ref. [12].

The United States is the largest single contributor to UN budgets. In 1997, the US made contributions totaling $627.8 million; $315.6 million to the regular budget, $392.4 million for peacekeeping, and $9.8 million to support international criminal tribunals [Ref. 12]. Though these amounts reflect $7.9 million in arrears for the US assessment, they are far greater than any other member nation pays. However, the United States is the largest debtor to the international organization as well, as seen in Figure 8.

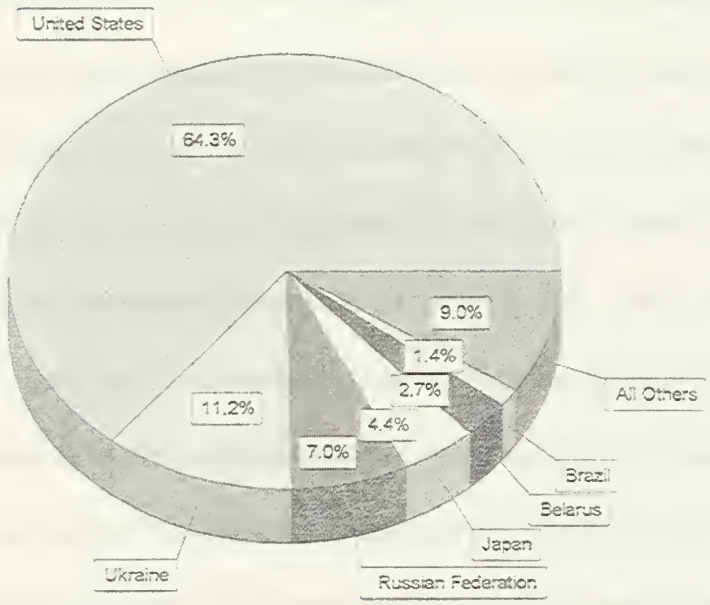

Figure 8. Percentage of $2 Billion Owed to the UN by Member States, 1997 and Prior, From Ref. [12].

At the time of this writing, the US is estimated to owe nearly $1.3 billion to the UN, $373 million in regular budget assessments and $917 million for peacekeeping [Ref. 12]. A 1998 General Accounting Office (GAO) report states that, "(a)ccording to the United Nations, the United States has on average paid about 90 percent of its regular budget assessment over the last 17 years." [Ref. 12] The issue of the repayment of these outstanding assessments, or arrears, has produced much media attention, as well as debate in Congress and the General Assembly in the past few years. Furthermore, the debt has placed enormous operating constraints on the UN, requiring drastic, though much needed, reforms.

"Money (s)hortages are nothing new at the UN . . . (t)he problem has plagued the organization since its founding." [Ref. 11] As early as 1960, UN operations were subject to being held "fiscal hostage." At that time, the General Assembly's dominance was challenged by the Soviet Union when Khrushchev was joined by Eastern Europe, Cuba, France and South Africa in refusing to supply financial support for the UN intervention in the Congo crisis. This presented a serious financial crisis for the UN. The situation escalated further when the US failed in its attempt to persuade the General Assembly to evoke Article 19 provisions on the debtor nations. Article 19 states that member states shall lose their right to vote in the General Assembly if their arrears reach a level greater than or equal to their previous two years worth of assessed contributions. [Ref. 1]

Eventually, the crisis was resolved through voluntary contributions of the countries most concerned with the situation in the Congo. However, the reluctance of the General Assembly to evoke the Article 19 provisions made a lasting impression in Washington for "in the future the US would apply the weapon of the financial veto if it seemed appropriate." [Ref. 1] The US and others exercised this financial stranglehold on the UN throughout the 1980's.

During the Reagan administration, the UN was nearly brought to financial ruin. The UN had grown significantly. Assessments for the UN regular budget grew from $811 million in 1978-1979, to just under $1.6 billion in 1985-1986 [Ref. 17]. The organization's tasks had shifted more towards global economic development and away from maintenance of peace. This opened the door for an increasing number of policy disagreements on the General Assembly floor. Many countries routinely withheld their

assessed contributions over issues concerning the legitimacy and fairness of certain UN undertakings. Some nations were experiencing financial difficulties of their own as well, and "charity" contributions were an easy target for savings. Even the US scaled back its contributions in the international programs as a percentage of discretionary spending, from 2.2 percent in 1980 to 1.5 percent by 1990 [Ref. 19].

2. Primary Issue in the 1980's

The key sticking point for the US was the issue of "weighted voting." The US position held that an inequity exists in the fact that budgetary decisions in the UN were made on a "one nation, one vote" basis. This principle "gives the majority of otherwise economically or politically inconsequential member states a say in world affairs that can outweigh their stature outside the organization." [Ref 20] Though a two-thirds majority is needed to enact a budget, it is possible that those in the majority could represent less than two percent of the funds required to execute that budget.

In response to this perceived disparity, Congress passed the Kassebaum Amendment (PL 99-143), which states:

> (a) Findings.--The Congress finds that the United Nations and its specialized agencies which are financed through assessed contributions of member states have not paid sufficient attention in the development of their budgets to the views of the member governments who are major financial contributors to those budgets.
>
> (b) Voting Rights.--In order to foster greater financial responsibility in preparation of the budgets of the United Nations and its specialized agencies which are financed through assessed contributions, the Secretary of State shall seek the adoption by the United Nations and its specialized agencies of procedures which grant voting rights to each member state on matters of budgetary consequence. Such voting rights shall be

> proportionate to the contribution of each such member state to the budget of the United Nations and its specialized agencies.
>
> (c) Limitation on Assessed Contributions.--No payment may be made for an assessed contribution to the United Nations or its specialized agencies in excess of 20 percent of the total annual budget of the United Nations or its specialized agencies (respectively) for the United States fiscal year 1987 and following years unless the United Nations and its specialized agencies have adopted the voting rights referred to in subsection (b).

The UN reacted to the significant increase of financial pressure by instituting a substantial reform measure. The adoption of UN resolution 41/213 by the General Assembly in 1987 required that a consensus must be achieved in the CPC on budgetary matters. This did not "weight" the voting with respect to the size of nations' contributions, but it did give the US the "veto power" it desired for budgetary matters.

Despite unanimous budget agreements which followed the CPC reform in the late 1980's, the UN continued to experience a serious "cash crisis." With many member states experiencing economic recession and forced to identify and eliminate their own inefficiencies, a widespread call for UN streamlining emerged. Member states' reasons for holding back payments to the UN were twofold: as a tactic to increase pressure for further reform, and because many nations needed the cash for their own purposes. The cash crunch in the UN became so severe that in late 1986, "the UN was forced literally to operate on a month-to-month basis; at times, the UN could not even afford to operate the elevators or other electrical equipment" at their headquarters facility [Ref. 10].

3. The 1990's

The cash crisis was exacerbated in the 1990's. By 1993, only 41 countries had fully paid their regular budget assessments in the 1990's [Ref. 15]. The UN has been forced to "rob Peter to pay Paul." In order to meet its regular budget obligations, the UN borrows unspent balances remaining in its peacekeeping budget [Ref. 21]. By the end of 1998, the UN Under Secretary General for Management estimated a year-end cash balance of approximately $577 million, an amount which wouldn't even cover three months of the UN's $200 million monthly expenses [Ref. 12]. With no way of telling when or to what extent member states will contribute their assessments, the UN operates very precariously in the short-term.

Between 1994 and 1998, the UN has been forced to borrow about 25 percent of peacekeeping year-end balances in order to meet its regular budget obligations [Ref. 12]. This practice, while it does buy time for the UN to collect late assessments, only compounds their dire financial situation due to the manner in which peacekeeping operations are funded. As noted earlier in this chapter, peacekeeping operations are funded via member-state assessments. Forty-two percent of these assessments are used for operating costs, i.e., housing and rations for troops, or civilian salaries, etc. The remaining 58 percent is used for the reimbursement of the member governments who are troop-contributing countries. The UN reimburses these countries for the costs of troops, transportation, and equipment "placed at the disposal of the Organization for the duration of the particular operation." [Ref. 15]

Generally speaking, troop-contributing countries have been willing to wait until the UN could raise enough funds for reimbursement. However, economic instability in some countries is making it increasingly difficult for them to provide support without being assured of being reimbursed in a reasonably prompt fashion. [Ref. 22] Figures 9 and 10 display the total amounts owed to peacekeeping contributors for the period between 1994 and 1997, and the amounts owed to the top five contributors respectively. Note that the US, the largest debtor, is number two on the list of countries owed money by the UN for peacekeeping.

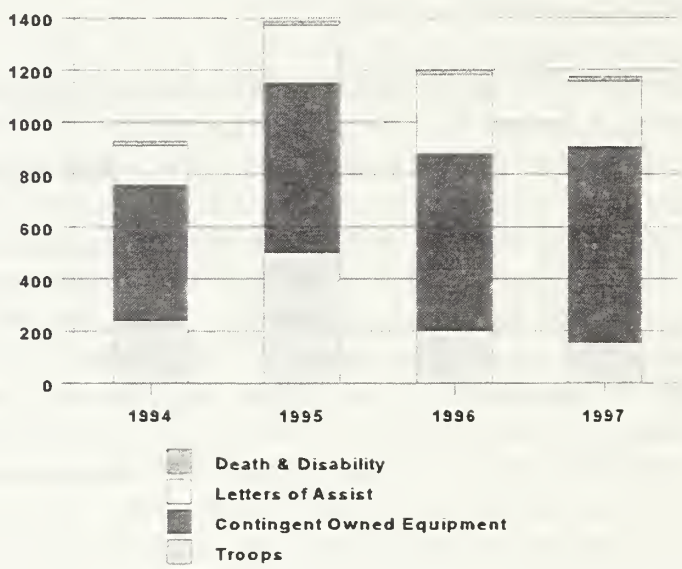

Figure 9. Total Owed to Peacekeeping Contributors, 1994-1997, After Ref. [12].

Country	Troops	Contingent owned equipment	Letters of assist	Death and disability	Total
France	$2.0	$125.1	$16.5	$7.6	$151.2
United States	3.5	25.4	80.3	0.0	109.2
United Kingdom	3.1	45.2	15.4	2.2	65.9
Italy	0.4	29.1	29.4	3.6	62.5
Belgium	4.6	39.9	13.5	0.1	58.1
Others	126.4	480.1	99.3	22.5	$728.3
U.N. total	**$140.0**	**$744.8**	**$254.4**	**$36.0**	**$1,175.2**

Figure 10. Top Five Countries Owed Reimbursement for Contributions to Peacekeeping as of December 31, 1997 (Dollars in Millions) From Ref. [12].

As a result of these shortfalls, fewer countries are willing to provide troops for peacekeeping, making such operations even more difficult or placing an even greater burden on the remaining troop-contributors [Ref. 23]. A vicious cycle can ensue, with fewer countries contributing troops for UN peacekeeping. The situation is exacerbated by the fact that in the past decade the UN has entered into twice as many peacekeeping operations than it had in the first 40 years of its existence [Ref. 24].

4. The Peacekeeping Reserve Fund

Due to the inherent unpredictability of certain UN functions, particularly in areas of humanitarian and disaster relief, a Working Capital Fund, or revolving fund, was established to provide a cash reserve for the "start-up costs" which place immediate strain on available budget funds. This fund was initiated to provide a means to prevent cash shortages from interfering with operations until provisions for such

unforeseen events can be made available by the General Assembly or collected via the assessment process. [Ref. 15]

A similar approach to the inherent problems experienced with peacekeeping start-up costs was addressed in 1992. The General Assembly voted to established a Peacekeeping Reserve Fund to work in parallel with the Working Capital Fund. Initially, $60 million was transferred from residual balances in other peacekeeping accounts. As a result, no additional assessments were required from member nations. Unfortunately, the level of funding authorized for the Peacekeeping Reserve Fund proved inadequate. The increasing number of peacekeeping operations and, again, the extremely high level of unpaid, regular and peacekeeping budget assessments, made it necessary for the UN to borrow from the Peacekeeping Reserve Fund to cover expenses in other accounts.

In summary, the UN continues to suffer from a serious financial crisis. As the organization approached its 50th Anniversary in 1995, relentless demands for reform from member states, particularly the US, gave the UN no choice but to address the issue. The situation had become so grave that its continued existence was in question and it remains so today. A summary of some of the most significant reforms initiated by the UN in its attempt to "save itself" is presented next. Also, several proposed reforms which the US continues to pursue are briefly outlined.

F. RECENT UN REFORMS & ADDITIONAL US REQUESTS

1. A Call for Reform

For member states, the need for UN reform is not in question. Unanimously, members desire to improve the UN System. However, members cannot seem to form consensus on how to achieve this aim. [Ref. 7] Calls for reform span great distances. There are those who wish to expand the activities of the UN into much broader realms, such as human rights protection. On the other hand, there are those who wish to pull in on the reins and return to a more strict adherence to issues of protecting member nations' sovereignty. Regardless of the differences in opinion as to the functional direction of the United Nations, there is one factor driving reform from all directions: the lack of resources. This has been the focal point of UN reform as led by the Secretary General Annan since his appointment in 1996.

Over the past several years, structural changes and improvements in UN management have created a solid foundation for building comprehensive reforms. Many of these changes have occurred in response to US policies, requests and demands [Ref. 25]. For years, some members of Congress have cited fiscal mismanagement at the United Nations and its affiliated organizations. As a result, over the last decade Congress has reduced and held back appropriated funds for US assessments for the UN in order to create pressure for UN reform aimed at curtailing waste. [Ref. 26]

Several reforms have been undertaken in the 1990's and some progress in areas of cutting costs and increasing efficiency has been realized. A summary of a few key reform initiatives includes:

1. In 1994, largely due to US pressure, the General Assembly established the Office of Internal Oversight Services (OIOS). Analogous to the US Inspector General position, the new body has been charged with ferreting out fraud, waste and abuse within the UN's agencies.

2. A former CEO of a major international accounting firm has been appointed Undersecretary General for Administration and Management charged with bringing industry "best practices" to the Secretariat's personnel, planning, and procurement systems. [Ref. 13]

3. In 1995, the first "no growth" budget was adopted by the General Assembly forcing UN agencies to look at prioritizing even more closely. Zero real-growth budgets of specialized agencies effectively reduce member-states assessments.

4. The Security Council has established a more definitive set of guidelines for approval of new peacekeeping missions, a reform largely in response to President Clinton's Presidential Directive 25 which specifically outlined the US position on six major issues for the reform of UN peacekeeping operations. [Ref. 25]

5. The High-Level Working Group on Strengthening the UN was formed to study and identify areas for further economic, social, and administrative reform [Ref. 14].

6. In March, 1997, UN Secretary General Annan initiated reforms of areas under his direct control referred to as, "Track 1." Track 1 reforms consolidated the Secretariat into a cabinet-style system focusing on three "core activities': peace and security development, economic and social affairs, and humanitarian affairs and human rights [Ref. 27]. It also eliminated 1,000 jobs, reduced documentation practices and initiated an employee code of conduct. Secretariat regular budget overhead costs were reduced 13 percent, from 38 percent to 25 percent of the UN regular budget. "Track 2" reforms included yet another no growth regular budget for 1998-1999 biennium and additional reforms which fell under the General Assembly's authority. The entire Track 2 reforms package was passed in December 1997. [Ref. 28]

7. The 1998-1999 biennium budget (containing, in constant dollars, a nominal decrease from the 1996-1997 budget) embraced a new "net-budgeting" concept enabling greater presentation transparency. This will allow UN costs to be broken down in a manner that will show how certain programs are jointly financed by various UN entities.

8. The new 6-year scale for assessments was adopted for 1998-2000, maintaining a ceiling rate of 25 percent but making provisions to readdress the scale on a one-

time-only basis if warranted. It is surmised that this provision was made to provide incentive for the US to pay its arrears. [Ref. 10]

Many of the reforms underway at the UN appear to reflect a determination to redefine how the UN "does business." However, as even the UN points out, "(r)eform and substance must go hand in hand." [Ref. 29]

2. Additional US Requests for Reform

Throughout the decade, the US and the UN have been heavily engaged in debate over countless aspects of UN reform. Arguably, US power and influence in the UN has never been in a greater or more precarious position. The situation involving US arrears has caused the possible loss of the US vote in the General Assembly to be confronted annually. Furthermore, even normally reliable American allies object to the US practice of demanding reform while at the same time undermining the financial stability of the United Nations. "British Prime Minister John Major, in a delightful twist of a slogan used more than 200 years ago, accused the United States of seeking "representation without taxation." [Ref. 30] On the other hand, some hold that, to its credit, the US has played a pro-active part in UN reform, using the "power of the purse" to ensure reforms are made within the world body.

Two US-authored documents influencing UN reform initiatives include the US "non-paper" entitled "Readying the United Nations for the Twenty-first Century," and President Clinton's Presidential Decision Directive 25. On the eve of the 50th anniversary session of the United Nations General Assembly, the Clinton administration sent to the foreign ministers of all UN members, a 10 page "non-paper," proposing a

wide-range, radical restructuring of the United Nations. The "non-paper" proposed "cutbacks, mergers, buy-outs, closures, and privatization of the UN's service sector." [Ref. 10] The document also asserted that a "coherent, sustainable development agenda for the 21st century cannot be pursued adequately at the international level without the adoption of serious and pragmatic proposals for UN institutional reform." [Ref. 10] Many of the precepts of these two documents have since been pursued by the United Nations. For example, the UN has been taking a much more cautious approach regarding initiation of peacekeeping operations.

Also in the days before the 50th General Assembly session in 1996, President Clinton issued Presidential Decision Directive 25 (PDD-25). The directive was a result of studies concerning post-Cold War national security opportunities [Ref. 31]. Peacekeeping operations were generally thought to have significant potential to provide a cost effective way to protect national US interests by preventing and resolving regional conflicts. The misfortune in Somalia and rising peacekeeping costs suggested that UN peacekeeping reform was needed to make peacekeeping more selective and more effective [Ref. 32]. Presidential Decision Directive 25 addressed six major issues of reform and improvement:

> 1. Making disciplined and coherent choices about which peace operations to support — both when we vote in the Security Council for UN peace operations and when we participate in such operations with U.S. troops.
>
> 2. Reducing U. S. costs for UN peace operations, both the percentage our nation pays for each operation and the cost of the operations themselves.

3. Reforming and improving the UN's capability to manage peace operations.

4. Improving the way the U. S. government manages and funds peace operations.

5. Defining clearly our policy regarding the command and control of American military forces in UN peace operations.

6. Creating better forms of cooperation between the Executive, the Congress and the American public on peace operations. [Ref. 33]

Clearly, several of these major issues presented profound implications for US funding for the UN.

Congress has since scrutinized peacekeeping operations even more closely, and the UN has been forced to be more conservative as a result. For example, in 1994 UN peacekeeping costs reached $3.3 billion with 78,000 peacekeepers in the field. By the end of 1997, costs had fallen to $1.3 billion and only 18,000 peacekeepers remained in the field. In 1999, Secretary-General Annan continued to insist on avoiding "mission creep" in peacekeeping operations. [Ref. 27]

Even though the US generally applauds the efforts that the UN has made on the road to reform, the US continues to balk at paying arrears and hold back portions of regular budget assessments. For the US, the key sticking points in UN reform are in the area of assessment. Many of the other reform "demands" that the US has made have been implemented; the establishment of an office of Inspector General, redefining peacekeeping operations, zero nominal-growth budgets, etc. However, it appears that until the UN scale of assessments for the regular budget and the peacekeeping budgets is changed according to US desires, there will be little substantive progress towards an amiable resolution of US-UN "conflict".

Additional reforms that the US remains insistent upon include:

1. Reduction of the US assessment for the UN regular budget from 25 percent towards 20 percent.

2. Reduction of the US assessment for the UN peacekeeping budget from over 30 percent to a maximum of 25 percent. [Ref. 34]

3. Germany and Japan should be added as permanent members to the Security Council.

4. Total size of the Security Council should be limited to 20 members with consideration for allowing non permanent members to serve more than one consecutive term. [Ref. 10]

In the past the US has had some success in decreasing its share of regular budget assessment. In 1972, in response to US requests, the General Assembly voted to reduce the US share from 30 percent to 25 percent. Then, in an address to the General Assembly's Fifth Committee, US Senator McGee thanked the UN on behalf of the United States, saying:

> The integrity of the United Nations has been underscored in this action. The Congress of the United States has had almost as many views as speeches on the question. Congressmen are of many stripes, but one thing Congress resolved successfully this year was that it has no prerogative to determine the assessments in the United Nations regular budget. Nor does the Supreme Soviet have that prerogative. No legislative body in any sovereign nation has that prerogative. The prerogative belongs only to the United Nations. And that is why even the Congress with all its many flares of rhetoric made the basic decision that this must proceed through the machinery and mechanism of the General Assembly of the United Nations. [Ref. 20]

Technically, this remains the US position today.

But, by not paying assessed dues, the US is, in effect, negating the authority of the UN to determine assessments. With regard to the UN peacekeeping budget, the US does

not recognize General Assembly authority to determine assessments. In 1994, the US passed legislation (22U.S.C.287e) placing a cap on payment of peacekeeping assessments at 25 percent [Ref. 12].

In 1887, US Secretary of State Bayard stated: "It has been constantly maintained and also admitted by the Government of the United States that a government cannot appeal to its municipal regulations as an answer to demands for the fulfillment of international duties." [Ref. 20] Regardless, the US now holds the position that, as enunciated by Jeane Kirkpatrick, U. S. Ambassador to the United Nations in 1983, "(t)o be sure, article 17 of the UN Charter requires member states to pay their share of the U.N. budget . . . (w)e should not assume, however, that any expense apportioned by the General Assembly is absolutely valid." [Ref. 35]

Overall, "(t)he U.S. emphasis on UN reform is intended to stabilize the UN financially, and to make the organization more efficient, better focused on key priorities, and more accountable to its members." [Ref. 36] It is difficult, if not impossible, to separate US interest in UN reform from its interest in easing its financial burden with regard to the world body.

Surprisingly, there are members of the UN who welcome smaller US assessments. Tired of the fiscal stranglehold held by the US, they note the benefits from not being so heavily reliant on US funding and policy. Former Secretary-General Boutros Boutros-Ghali admits that:

> . . . at the heart of any approach to addressing the long-term dimensions of the crisis is the issue of scale of assessments. The realities of international relations today differ from those which pertained at the time

> of the United Nations' founding. The scale of assessments should reflect current political and economic realities. It should also reflect the global nature of the United Nations, and the fact that the Organization is the instrument of all nations. A ceiling of 20 percent or even 15 percent on the assessed contribution of any Member State to the regular budget of the United Nations would provide for a more even distribution of the assessed contributions, and would better reflect the fact that this Organization is indeed the instrument of all nations. [Ref. 10]

The US also proposes that assessments better reflecting current economic reality may make full on-time payment more likely [Ref. 37].

III. THE CONGRESSIONAL BUDGET PROCESS AND SPENDING FOR THE UNITED NATIONS

A. INTRODUCTION

The complexity of the federal budget process can appear overwhelming to even veteran policy makers. And, over time, the absolute levels of spending have become staggering. In 1789, the first congress covered the government's annual expenses with $639,000. Today, the government spends this amount every 10 or 15 seconds. In the later half of this century, the federal budget has grown from less than $100 billion annually to over $1.5 trillion. [Ref. 38]

In 1998, after 29 years of budget deficits, a surplus was realized. This does not imply that the budget process has been streamlined as part of the shift from deficits to surpluses. Budgeting remains a very complex process enveloped in constitutional theory, economics, partisan politics, the interpersonal relationship among policymakers, and the endless conflict between "national interests" and the personal interests of policymakers and their constituencies. This chapter will attempt to shed some light on the federal budget process by summarizing its history, structure, and the significance of the key elements of this enormously complex process. Additionally, US spending for the UN will be delineated by source component; State Department and Department of Defense.

1. The Budget and its Purpose

A budget is a document which proposes expenditures of financial resources for certain items and human purposes coordinated to achieve desired goals [Ref. 39].

The Committee on the Budget of the US Senate holds that the budget has two equally important purposes:

> 1. . . . to provide a financial measure of federal expenditures, receipts, deficits, and debt levels and their impact on the economy in order to promote economic stability and growth; and,
>
> 2. . . . to provide the means for the Federal government to efficiently collect and allocate resources to meet national objectives. [Ref. 40]

Funding for all programs, including UN programs is relevant to both purposes. The first purpose deals with the overall fiscal health of the government. Congress, in a struggle to end deficit spending and control debt, has enacted legislation which directly constrains discretionary spending, which is the category of spending that includes UN funding in both defense and non-defense related arenas. UN funding under the second budget purpose is generally deemed useful in meeting national objectives. The debate lies in whether UN funding is the most efficient means of meeting those objectives. Distributing funds at the trillion dollar level can make funding for the UN, which constitutes around one-tenth of one percent of the federal budget, seem insignificant at times [Ref. 13].

2. Historical Perspective

Budgeting for government expenditures has deeper roots. In 1789, the Constitution of the United States bestowed the power to tax and spend on Congress. It states:

> No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and account of Receipts and Expenditures of all public Money shall be published from time to time. [Ref. 41]

During the nineteenth century, expenditures of the federal government fluctuated immensely. Most of the changes were related to the increased financial burden of waging war. The largest percentage increase was 1,850 percent due to the Civil War. [Ref. 38] Post war spending levels never quite returned to pre-war levels, a phenomenon explained in detail by Rockoff's "War Ratchet Hypothesis," whereby increased military spending realized during war-time is translated into post-war social programs. [Ref. 42] Throughout the nineteenth century, policymakers struggled to achieve fiscal balance despite the lack of a budgetary system and the vague guidance which the Constitution provided. Nevertheless, budgets remained, for the most part, balanced until 1932.

In 1802 and 1816, the House Ways and Means Committee and the Senate Finance Committee were established (respectively). In 1865 and 1867, the House and Senate Appropriations Committees took form. But, despite the establishment of congressional committees devoted to financial matters, agencies, spending more money than they were appropriated, continued to submit "coercive deficiency" requests to Congress to pay their bills [Ref. 40]. This practice prompted the enactment of what has become known as the Anti-Deficiency Act. This Act specifically prohibited departments from spending or obligating more money in a fiscal year than had been appropriated by Congress [Ref. 40].

The first successful attempt to control federal budgeting resulted from the enactment of the Budget and Accounting Act of 1921. This Act required departments to submit their budget requests directly to the president vice Congress. With the assistance of the newly created Bureau of the Budget, later renamed the Office of Management and Budget (OMB) in 1970, the President reviewed departmental requests and developed his

own comprehensive request to Congress. This allowed the President to more readily control agency spending. Congress could then develop its revenue and spending decisions based on the President's request. [Ref. 38] Finally, the Act established the General Accounting Office (GAO), responsible solely to Congress, to perform independent audits of executive accounts and report their findings to Congress.

The provisions made by the Budget and Accounting Act of 1921 were periodically fine-tuned by various legislative action throughout the next 50 years. In 1967, the President's Commission on Budget Concepts called for the adoption of a "unified budget," replacing the administrative budget, the consolidated cash budget, and the national income accounts budget. The unified budget displays all revenues and expenditures for all federal programs and trust funds. This unified budget concept has subsequently become the basis for federal budgeting presentation. [Ref. 40] Furthermore, the unified budget concept is credited by some with forcing Congress to realize that they had no substantive process by which to develop a single comprehensive budget. This realization was one of the main factors contributing to the establishment of the contemporary congressional budget process, through the enactment of the Congressional Budget and Impound Control Act of 1974.

The watershed event in the history of the US budget process occurred in 1974 with the enactment of the Congressional Budget and Impoundment Control Act of 1974. The Budget Act, as it is commonly called, established a new congressional budget process, Committees on the Budget in each House, the Congressional Budget Office (CBO), and a means for Congress to exercise control over the impoundment of funds by

the executive branch [Ref. 43]. The Budget Act delineated budget process benchmarks and a timetable for their completion. Prior to this, no formal structure or process existed by which Congress formulated its spending priorities. Generally speaking, prior to the Budget Act, Congress responded in an ad hoc manner to the budget proposal submitted by the President.

The Budget Act of 1974 was significant in that it established a structured congressional budget process that is still in use today. Two of the most significant provisions of the Budget Act were the creation of the CBO and the requirement for the adoption of a concurrent resolution on the budget. For assistance with their duties, the CBO was established to provide a capability for gathering, storing, and disseminating budget related information. The significance of the "Budget Resolution" is discussed in detail in Part C of this chapter.

The most significant budget reforms since the Budget Act are contained in the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings I), the Balanced Budget and Emergency Deficit Control Reaffirmation Act of 1987 (Gramm-Rudman-Hollings II), and the 1990 Budget Enforcement Act (BEA).

The Gramm-Rudman-Hollings Acts, named after the Senators authoring the bill, provided three major developments in the congressional budget process. First, they established maximum levels for projected deficits, progressively reducing those levels to zero. Second, they required OMB to order all non-exempt spending be reduced by a uniform percentage if a budget caused maximum deficit amounts to be exceeded by more than $10 billion. Third, and most significant, the Act required a three-fifths margin in

Senate voting in order to waive certain points of order. Previously, a simple majority vote had been adequate. [Ref. 40]

Gramm-Rudman-Hollings is sometimes viewed as a desperate, failed attempt to control deficit spending since little of what it proposed proved effective. The failure of the Gramm-Rudman Hollings Acts is attributed to two key provisions. First, the Acts required only the projected deficit level at the beginning of a fiscal year to remain under the target amounts. Sequestration rules did not apply if deficit targets were exceeding during the fiscal year. This begat what some consider gross manipulations of budget estimates and the use of special "book-keeping tricks." [Ref. 38] Second, Congress had placed so many programs on the sequestration-exempt list that compensatory action to offset budget increases proved unrealistic or unobtainable. The percentage cut from non-exempt program budgets would have been devastating. It became clear that a compromise had to be reached.

The BEA of 1990 provided a system of two independent deficit reduction enforcement mechanisms: discretionary spending caps and a "pay-as-you-go" (PAYGO) approach to direct (entitlement) spending and revenue reductions. Congress and the President shared enforcement authority over the spending caps. The Act required a new spending discipline. "In summary, the Budget Enforcement Act change(d) the impetus of GRH from deficit control to spending control within the context of a rising deficit, free(d) the Appropriations Committees from the threat of sequester arising from unforeseen economic events, and attempt(ed) to shift the focus of the budget process from a macro focus on the deficit number and the sequestration percentage to a more

intermediate level [Ref. 44]. If established total-spending levels were to be exceeded, a uniform percentage would be taken from all discretionary programs to offset the excess spending. In the case of direct spending (entitlements) and revenues, "(t)he basic rule is that legislation increasing direct spending or decreasing revenues must be fully offset so that the deficit is not increased." [Ref. 38] For example, if Congress were to pass legislation that would increase direct spending, thus increasing the deficit, it must then pay for the increase in spending by cutting funds in other entitlement programs or increasing revenues through new legislation. "In effect, the 1990 act legitimizes the totals as the sum of the budget's parts." [Ref. 45]

Overall, the BEA of 1990 has been successful in controlling and reducing deficit spending as evident in the latest projections of budget surpluses. However, its effectiveness came at a considerable cost to certain programs. The short and long-term impacts on these programs are topics for further research and debate.

B. THE CONGRESSIONAL BUDGET PROCESS

As previously discussed, the Budget Act of 1974 established a new congressional budget process. Essentially, this process remains intact today. The milestone events which transpire pursuant to the adoption of an annual federal budget are briefly described below and illustrated in Appendix B and C.

1. The President's Budget

Before Congress can begin formulating an annual budget in earnest, they must first have an estimate of the level of funding required to operate the federal government

in the upcoming fiscal year. A meaningful estimate must be itemized so that it can be determined if money is spent consistent with national objectives and interests. Such an estimate is provided to Congress in the form of a request from the President. Using the funding requests of the federal agencies and their own analysis, the OMB develops a budget proposal for the President to submit to Congress in late January or early February. This budget "request" is one tool used by the executive branch to convey to Congress and the nation its desired direction and goals for the budget, both domestically and internationally.

The President's budget is broken down by budget functions (see Appendix D) and appropriations accounts and "provides an economic forecast that is supposed to be used throughout the rest of the budget process." [Ref. 46] It also provides a base with which congressional committees may begin to analyze the President's spending proposals.

Though the President's budget is only a proposal, its significance should not be overlooked. Generally speaking, the President's budget remains relatively intact despite the fierce debates and deliberations which take place before the components of the budget are finally enacted into law eight or nine months later. It would be impossible for Congress to wade through the minutia of data used in formulating the President's budget. Usually, the time and energy of congressional staff members is used to review only the most controversial issues facing the budget. [Ref. 46] The media, special interest groups and lobbyists, and constituency pressures often form the determinants for special attention by Congress.

2. The Congressional Budget

The most strikingly different attribute of the congressional budget versus the President's budget is that the congressional budget is developed in public. Beginning soon after Congress receives the president's budget request, the House and Senate Budget Committees begin hearings to review justification for various spending proposals made by the President. Testimony is received from representatives of the President's administration and various agencies, academia, business, special interest groups and organizations, and the general public. [Ref. 40]

Concurrently, the CBO and the congressional committees and subcommittees charged with oversight of individual programs begin an exhaustive review of the President's budget requests pertaining to their jurisdictions. Depending on when Congress actually received the President's budget request, the CBO and the various congressional committees produce reports of their reviews of the President's budget to the rest of Congress. These reports are generally released in late February or early March.

The month of March is reserved for the House and Senate Budget Committees to individually formulate and present to their respective chamber a draft congressional budget plan, known as the budget resolution. After both houses have passed their versions of the budget resolution, a conference committee comprised of members of both houses convenes. The conference committee attempts to resolve the differences between the two budgets and a single new compromise version of the budget is presented in both chambers for approval. Both Houses then vote on the adoption of a single budget

document known as the Concurrent Resolution on the Budget. The Budget Act of 1974 requires the Budget Resolution to set forth;

> 1. the appropriate level of total budget outlays and of total new budget authority;
>
> 2. an estimate of budget outlays and an appropriate level of new budget authority for each major functional category, for contingencies, and for undistributed intragoverrnmental transactions, based on allocations of the appropriate level of total budget outlays and of total new budget authority;
>
> 3. the amount, if any, of the surplus or the deficit in the budget which is appropriate in light of economic conditions and all other relevant factors;
>
> 4. the recommended level of Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees;
>
> 5. the appropriate level of public debt, and the amount, if any, by which the statutory limit on the public debt should be increased or decreased by bills and resolutions to be reported by the appropriate committees; and
>
> 6. such other matters relating to the budget as may be appropriate to carry out the purposes of th(e) Act. [Ref. 43]

Technically, an amendment to the Budget Act of 1974 requires that the budget resolution be passed by April 15th. However, there is no enforcement mechanism in place or consequences associated with missing the deadline. If the April 15th deadline is missed, according to the BEA of 1990, congressional committees receive allocations consistent with those proposed by the president's budget [Ref. 47]. This allows sub-committees to continue their work drafting appropriations legislation.

The budget resolution is essentially a formal budget agreement between the two houses in Congress serving as a guide for the action necessary to develop spending and

revenue bills. Although it does not require presidential approval, it is enforceable through points of order. It is important to point out that "the congressional budget resolution makes decisions only on the aggregate and functional totals: it makes no line-by-line or program decisions [Ref. 46].

Following the adoption of the budget resolution, the House and Senate Appropriations Committees begin allocating the portion of total spending made available to them. The allocations are subdivided among the 13 individual subcommittees in each house. Each subcommittee prepares an appropriation bill delineating the levels of funding assigned to its individual programs. The subcommittee members thoroughly examine each agency's budget request, presented in excruciating detail in order to justify every dollar requested. Nevertheless, in a piecemeal fashion, Appropriations Acts are debated and passed at various times throughout the summer months and into the fall.

In the meantime, Congress is sometimes ask to supplement the current year's budget through supplemental appropriations bills. Supplemental legislation is often used to fund unforseen expenses such as military peacekeeping operations. In 1998, an administration request for supplemental appropriations to pay, in full, all US arrears to the UN failed to be passed in Congress [Ref. 48].

The beginning of the new fiscal year, October 1st, marks the deadline for passage of the new appropriations legislation. Frequently, a few appropriations acts are still under consideration and miss the deadline. In these cases, a "continuing resolution" is required to be passed by Congress to provide interim funding to programs which lack new appropriated funding. [Ref. 38]

Budget resolutions often call for increases and decreases in spending levels for entitlement programs, programs funded by permanent appropriations. The Budget Act of 1974 established a vehicle that accommodates such changes known as "reconciliation." Special procedures are mandated that allow Congress to reconcile the differences between their budget resolution and existing entitlement laws. Budget resolutions typically require specific committees, according to their jurisdiction, to propose the needed changes to current legislation. This "reconciliation bill" must be passed before the beginning of the new fiscal year in order for appropriations bills to be legally executed. [Ref. 43]

Furthermore, Section 313 of the Budget Act (the Byrd Rule) mandates that reconciliation legislation must be related to reconciling the budget unless a three-fifths majority is obtained [Ref. 49]. This is an attempt to thwart attempts by congressmen to use reconciliation bills to increase spending. Although reconciliation may be used to increase entitlement spending or decrease revenues, Congress has used it primarily for deficit reduction [Ref. 38].

C. THE SIGNIFICANCE OF THE BUDGET RESOLUTION

Why are we concerned with the significance of a document that is not public law? Because it is the first significant hurdle in the budget process. The budget resolution determines the total spending levels for each budget function. UN funding is incorporated into these functional totals. That means that UN funding, like all other funding, is first affected here. Even though the budget resolution's April 15th deadline is

rarely met (on average one and a half months late since 1975), Congress has continued to use the budget resolution to guide specific authorization and appropriations bills as part of the budget process. Imperfections in timing aside, an adopted budget resolution focuses the sense of Congress, coordinating sufficient agreement on all revenue and spending decisions for the nation's budget.

The significance of the budget resolution, in terms of determining discretionary spending levels, can be inferred from the examination of Appendix E which traces defense spending, a discretionary budget item (like funding for the UN), from the budget resolution through authorization and appropriation legislation. Notice how close the budget resolution totals are adhered to throughout the congressional budget process.

In terms of public attention, the budget resolution's significance varies from year to year. Sometimes, far reaching changes in revenue and spending policies are required, triggering reconciliation procedures. This is generally accompanied by close media attention and heated debate and controversy. Other times, budget resolutions go relatively unnoticed. Regardless, the adoption of the budget resolution is critical in that it "sets the financial boundaries within which the appropriations committees operate." [Ref. 38] Though the budget resolution delineates spending over five years, committees are bound only by those laid out for the next fiscal year. Without a budget resolution, the prioritizing and planning performed at the subcommittee level is, at best, inspired guesswork. Ultimately, program aggregates must meet those totals outlined in the budget resolution. [Ref. 51]

Funding for individual programs takes place via authorization and appropriations bills. These instruments commit the federal government to conduct certain specific activities and provide the means to pay for them. Until these bills are passed, no funds are actually made available. [Ref. 46]

Authorization bills are generally the product of collective debate by expert legislative committees. These committees "authorize" the federal government to pursue a particular activity. Payment of dues for participation in international organizations like the UN is an example of one such activity. Many authorizations are "re-approved" on a multi-year basis, while others are approved annually. Once programs are "authorized," their fate lies within the appropriations process. Appropriations committees determine if the programs, deemed worthwhile by authorization legislation, are practical in terms of budgetary demands and priorities. Commonly, funding for the United Nations and many other programs is authorized but not funded (appropriated). "For all intents and purposes, an authorized program that is not funded never exists." [Ref. 51] If appropriations acts have not been enacted by October 1st, federal government programs cease to have the funds with which to operate unless "continuing" legislation is enacted. Without the spending authority figures provided by the budget resolution, appropriations legislation cannot be passed.

In summary, US funding for the UN begins with the President's initial request and is subject to the congressional budget process, like all purely discretionary program funding. The first hurdle for UN funding occurs in the crafting of the budget resolution, where total spending levels for all budget functions are determined. Next, it is a matter

of the authorization in the Foreign Relations Authorization Act and appropriation of funding via, primarily, the Commerce, Justice, State and Related Agencies, and the Foreign Operations appropriations legislation. Finally, after the President signs the appropriations bill into law, jurisdictional agencies can provide the UN with funds.

D. DISTRIBUTION OF FUNDING FOR THE UN WITHIN THE FEDERAL BUDGET

> UN funding is a small item in a complicated US budget and appropriations process. Indeed, even among those who closely follow foreign affairs, very few understand how the United Nations is funded by the US Government or even what US legislation provides funds for the United Nations regular budget. [Ref. 35]

Article 17 of the UN Charter requires that the United States, as a member of the UN, must contribute monetary assessments to the UN "as apportioned by the General Assembly." [Ref. 3] The UN Participation Act of 1945 (as amended in 1949) authorizes annual appropriations "to the Department of State, out of any money in the Treasury not otherwise appropriated such sums as may be necessary for the payment by the United States of its share of the expenses of the United Nations as apportioned by the General Assembly . . ." [Ref. 52]. Accordingly, US assessments for the UN are included within budget function (150), used by the Budget Committees to designate all spending for international affairs, including State department funding. The biennial Foreign Relations Authorization Act authorized funds for US contributions to the UN. However, funds are appropriated annually in the Commerce, Justice, State, the Judiciary and Related

Agencies appropriations legislation. [Ref. 35] Figure 11 shows the distribution of budget function 150 funding for fiscal years 1992 through 1997.

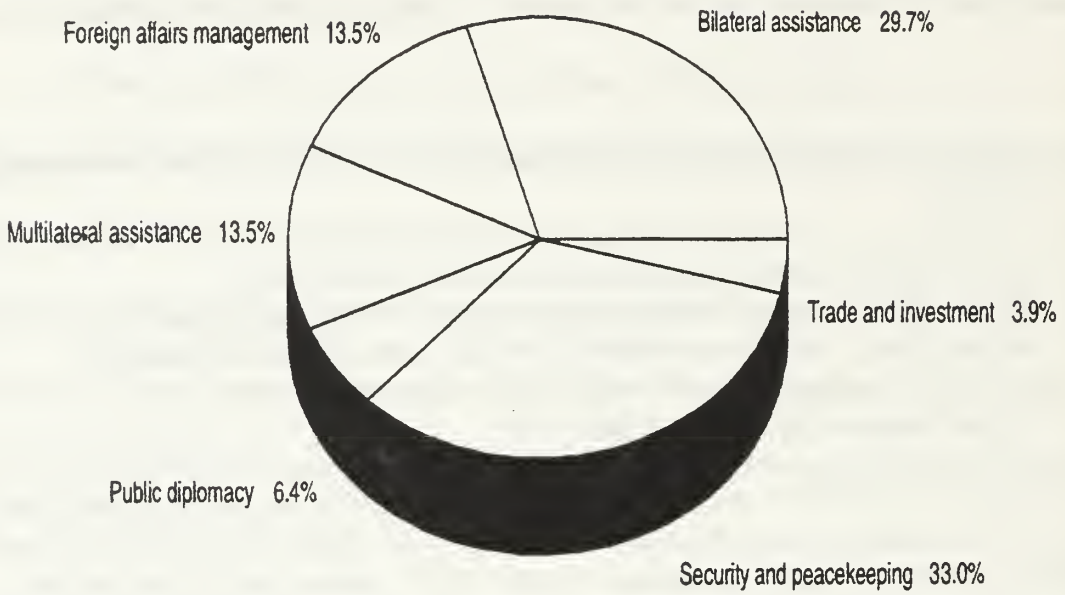

Figure 11. Distribution of Budget Function 150 Account Funding, FY1992 - FY1997, From Ref. [53].

Appendix F shows the organizational chart for the United States Department of State. UN funding issues fall primarily within the realm of the Assistant Secretary of International Organization Affairs, under the Under Secretary for Political Affairs. [Ref. 54] State Department funding for UN peacekeeping operations, humanitarian assistance, disaster relief, and other functions of UN special agencies are included in the multilateral assistance and security and peacekeeping portions of budget function 150.

According to a Congressional Budget Office analyst, DOD is involved in UN activities to the extent that it participates in peacekeeping missions and receives reimbursements for part of the costs. Furthermore, an Office of Management and Budget representative claims that other US government agencies are involved in UN funding as well, but was unable to provide a comprehensive list of such agencies. One example, however, is an International Labor Organization child labor program that receives some funding from the US Department of Labor. [Ref. 55] Figures 12 through 15 break down State Department funding for security and peacekeeping areas further, and show recent trends in funding levels. Funding for international affairs programs, including funds for UN participation in multilateral institutions has declined, in real terms, six percent annually since 1992. Similar decreases are expected thru 2002. [Ref. 53]

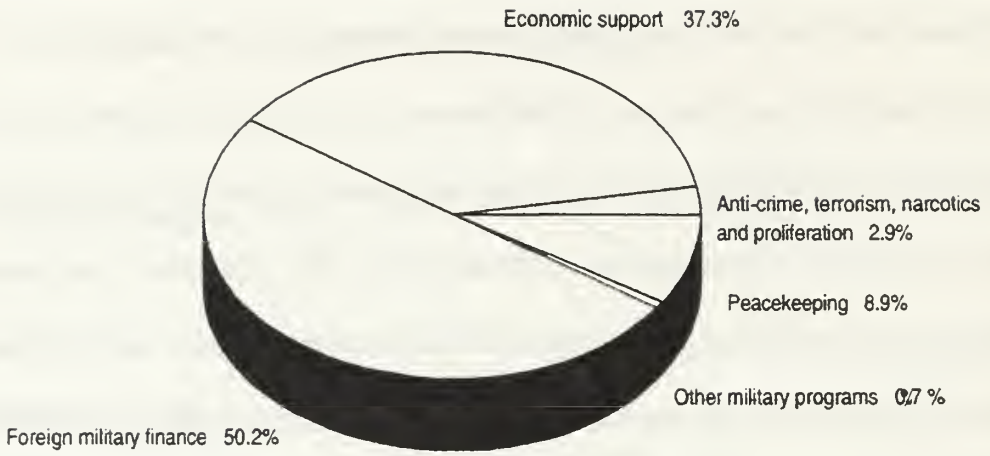

Figure 12. Distribution of Security and Peacekeeping Funding by the US State Department, FY1992 - FY1997, From Ref. [53].

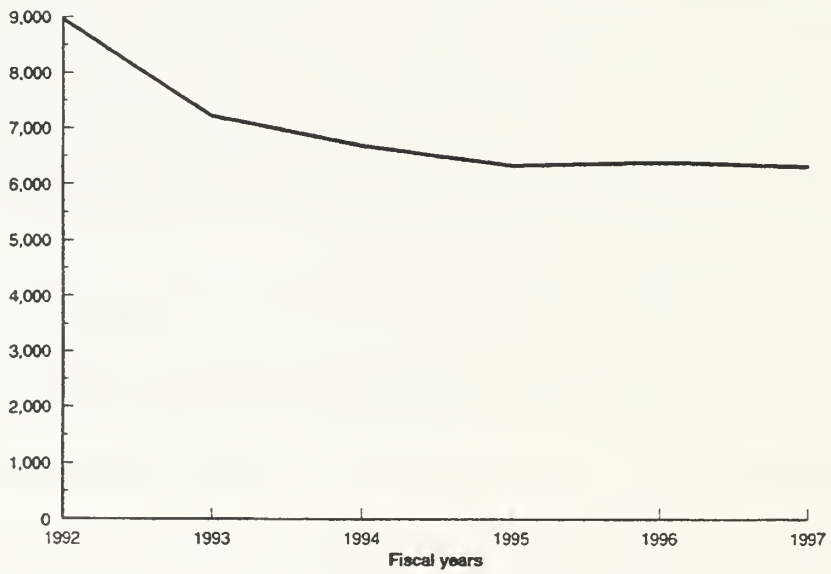

Figure 13. Trends in Security and Peacekeeping Funding by the US State Department (1997 Dollars in Millions), FY1992 - FY1997, From Ref. [53].

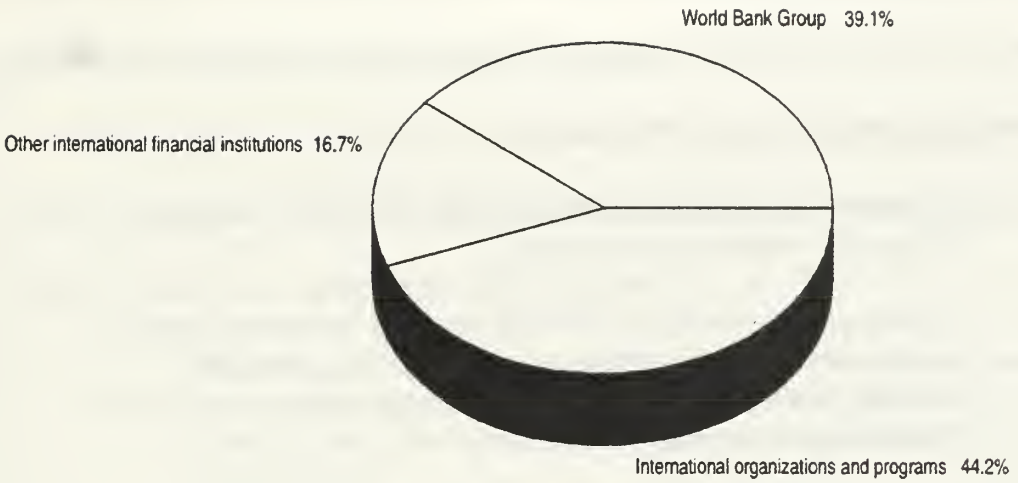

Figure 14. Distribution of Multilateral Assistance Funding by the US State Department, FY1992 - FY1997, From Ref. [53].

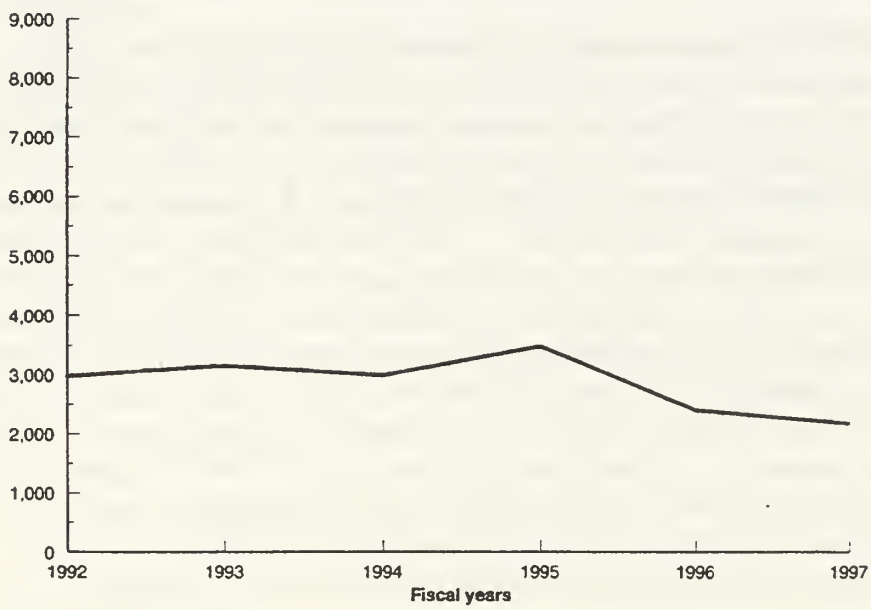

Figure 15. Trends in Multilateral Assistance Funding by the US State Department (1997 Dollars in Millions), FY1992 - FY1997, From Ref. [53].

The GAO reports that for FY1997, at least $7.6 billion worth of "internationally related activities" were funded from outside the budget function 150 account. However, such estimates are problematic, for three reasons:

1. the absence of broadly accepted criteria about what constitutes a foreign affairs program or activity;

2. the lack of transparency over the full range of international affairs-related activities and programs managed by US government agencies - that is, budget line item descriptions do not clearly link to international programs or activities; and

3. the interrelatedness of domestic and international activities. [Ref. 53]

For example, from FY1992 to FY1995, US government agencies spent $6.6 billion in support of UN peacekeeping operations. This figure includes incremental costs of $3.4 billion incurred by the Department of Defense outside of budget function 150. Between FY1992 and FY1997, approximately 14 percent ($2.2 - $3 billion annually) of total 150 funding went towards multilateral assistance programs including the United Nations and multilateral financial institutions like the World Bank. For comparison, about 30 percent was spent on bilateral assistance programs during the same time frame. [Ref. 53]

Funding for the United Nations also comes from budget function 050 (National Defense). Almost all funds provided in 050 go to the US Department of Defense. A small amount may be used to pay for unforeseen peacekeeping, humanitarian, and disaster relief operations conducted by DOD in support of UN Security Council and General Assembly mandates. Since most of these operations are unforeseen, they are thus unbudgeted as well. To pay for the operations, the Department of Defense is forced

to find funds in other parts of the defense budget to cover these "incremental costs," costs over normal peacetime operating expenses [Ref. 56].

Incremental costs include the "extra costs" for equipment, maintenance, personnel, transportation, etc., needed to participate in UN sponsored operations. Incremental costs are typically financed in three ways:

1. DOD can "absorb" the costs in its regular accounts, by transferring funds budgeted for other purposes to the Personnel or the Operation and Maintenance (O&M) accounts to cover the costs of contingencies;

2. DOD can transfer money between accounts (e.g., Personnel, Procurement, O&M, and Research, Development, Test and Evaluation), in an action known as "reprogramming" with congressional approval as necessary.

3. Congress can approve supplemental appropriations; these can be new appropriations or offset by rescissions in other DOD accounts. [Ref. 56]

The issue of incremental costs is perhaps the most contentious and controversial in US funding for the United Nations, especially in the 1990's, a decade marked by significant military downsizing and "deficit reduction fever." The proposed Department of Defense appropriations bill for FY2000 requires the Secretary of Defense to continue to submit quarterly reports of all incremental costs incurred in support of UN operations as called for in the FY1998 and FY1999 DOD appropriations acts [Ref. 57]. The nature of the controversy surrounding incremental costs, and who should pay for them, is described in detail in Chapter V of this thesis.

In summary, US funding for the UN is officially provided for within the federal budget process. Funds are allocated in budget function 150 of the congressional budget

resolution, authorized on an irregular basis in the Foreign Relations Act, and appropriated in the Commerce, Justice, and State appropriations bill. While funds within the National Defense (050) function also reach the United Nations, they are not normally earmarked ahead of time for such use. An exception to this was witnessed "(i)n the second session of the 104th Congress, (when) Congress sought to resolve the problem by budgeting funding for ongoing missions in a 'Overseas Contingency Operations Transfer Fund,' in the annual DOD measures, a mechanism which has been included in legislation of the 105th Congress, but the President still sought supplemental funding for Bosnia for FY1990, and emergency funding for Bosnia in FY1999." [Ref. 57]

IV. BASIC TRENDS IN FEDERAL SPENDING

A. INTRODUCTION

Now that an understanding of where US funding for the UN fits within the congressional budget process, it is imperative that a rudimentary appreciation is developed for the significant factors driving the spending decisions of the federal government concerning UN funding. The budget process, over simplified, is the process for determining two things: how much money should be spent and how it should be raised, and on what it should be spent. The first element, as discussed in Chapter III, has become subject to an increasing number of limitations over the last 15 years, like those imposed by GRH I & II, the BEA of 1990, and the Balanced Budget Act.

The federal budget provides a somewhat clear picture of the government's national objectives. "The budget is one of the principal means by which government priorities are established or redirected." [Ref. 38] The task of assigning expenditures to programs, including US financial support for the UN, can be seen as a conflict between the executive administration insisting on budgetary flexibility and Congress desiring budgetary control. The purpose of this chapter is to discuss the two primary forms of government spending, discretionary and mandatory, and their relationship to US funding for the United Nations. Furthermore, by investigating the trends in these forms of spending, and recalling from Chapter III the limitations imposed on them, an appreciation is developed for why funding for the UN has been continuously threatened during the struggle to make the "balanced budget imperative" a reality in the 1990's.

B. MANDATORY AND DISCRETIONARY SPENDING

For the purpose of this thesis two primary categories of spending, mandatory and discretionary are relevant. Figure 16 displays these types of spending as a percentage of total federal outlays for FY1998. The remainder of this chapter will show how these two spending categories provide the framework for the choices lawmakers must make regarding which programs receive US funding.

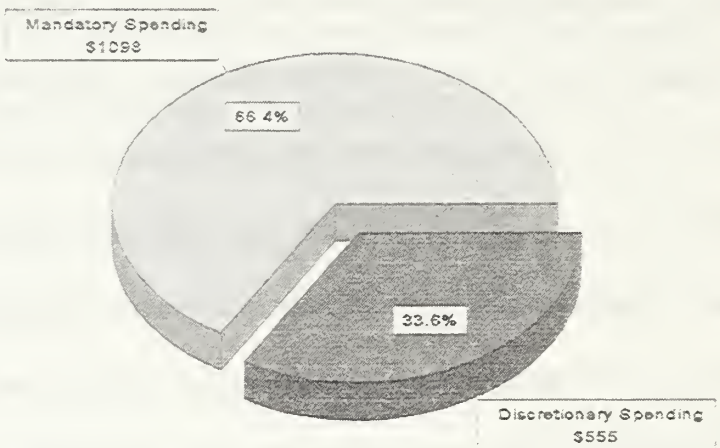

Figure 16. Federal Spending (in Billions) by Category for FY1998, After Ref. [58L].

1. Mandatory Spending

Mandatory spending, sometimes referred to as entitlement spending, or direct spending, generally encompasses all spending that occurs pursuant to federal laws which compel the federal government to make payments to individuals, programs, or activities that are eligible under the criteria established by these laws. These entities are said to be "entitled" to federal assistance in the form of monetary support or services provided,

unless laws that bestow those rights, or the criteria used to determine eligibility, are amended or revoked. For this reason, entitlement programs are considered relatively "uncontrollable." In other words, "uncontrollable spending will occur unless Congress and the President take some action to stop it." [Ref. 38]

It is very difficult to budget for entitlement expenditures annually since the number of individuals entitled to federal assistance by the established eligibility criteria varies from year to year as a function of demographic changes and the condition of the economy. [Ref. 51] Therefore, the forecasted level of funding needed from year to year for entitlement programs is only as accurate as the economic and demographic assumptions from which the budget totals are derived. Furthermore, entitlement spending is politically difficult to control in the sense that voters do not react kindly to reductions to government provided benefits. For example, the Republican party lost 26 seats in the House in 1982, most of which were attributed to the Reagan Administration's suggested freeze in Social Security cost-of-living (COLA) increases. [Ref. 51]

Entitlements are actually a subcategory of mandatory spending, which also includes interest on the debt, but, here, the two terms will be used synonymously. A few examples of entitlement programs include Social Security, Medicare, and Medicaid. [Ref. 40] These three programs accounted for nearly 78 percent of entitlement spending in fiscal year 1998. [Ref. 58] Other entitlements, including means-tested entitlements, where eligibility is based on income, include, but are not limited to: programs for food stamps, family support, veteran's pensions, student loans, federal retirement, unemployment compensation, and farm price supports. A fundamental characteristic of

entitlement spending is the lack of congressional discretion to establish spending levels on an annual basis. Figure 17 shows the breakdown of entitlement spending into major program categories for fiscal year 1998.

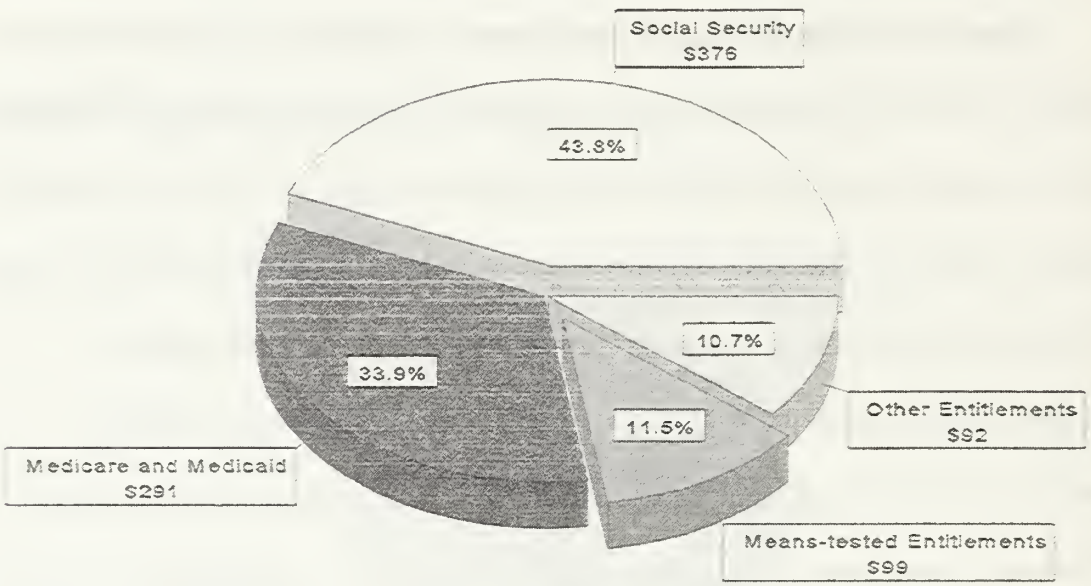

Figure 17. Entitlement Spending (in Billions) for FY1998, After Ref. [58].
(Note: Means-tested entitlements, here, do not include Medicaid.)

2. Discretionary Spending

Discretionary spending, on the other hand, refers to programs that are subject to the annual appropriations process, during which, Congress determines annual spending totals. Therefore, spending for discretionary programs is deemed "controllable," since such spending will only occur if Congress and the president enact law appropriating funds specifically for these programs.

Discretionary spending programs may be divided in two categories: defense and non-defense. Defense spending includes the provision of funds for the Department of Defense (DoD) and other related activities and agencies that directly support national defense. Non-defense spending includes spending directed towards domestic and international government programs, such as the activities of the Department of Commerce, Justice, State, Transportation, and related agencies such as the Internal Revenue Service, National Park Service or the Environmental Protection Agency. Figure 18 breaks down discretionary spending between defense and non-defense programs as a percentage of federal outlays in fiscal year 1998.

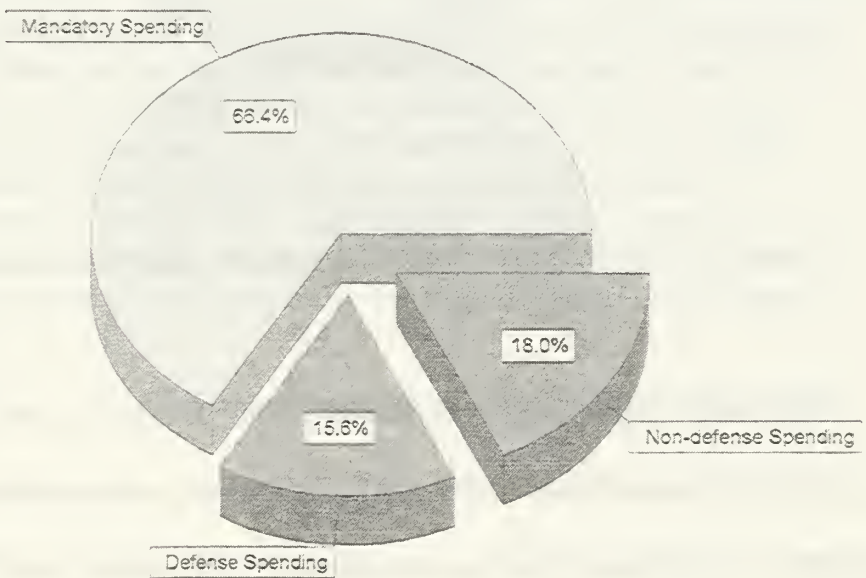

Figure 18. FY1998 Defense and Non-defense Discretionary Spending, After Ref. [58].

All funding for the United Nation lies within the discretionary spending category, receiving funds from both defense and non-defense programs in the form of fiscal support and voluntary contribution of goods and services [Ref. 59]. Figure 19 breaks down non-defense discretionary spending further.

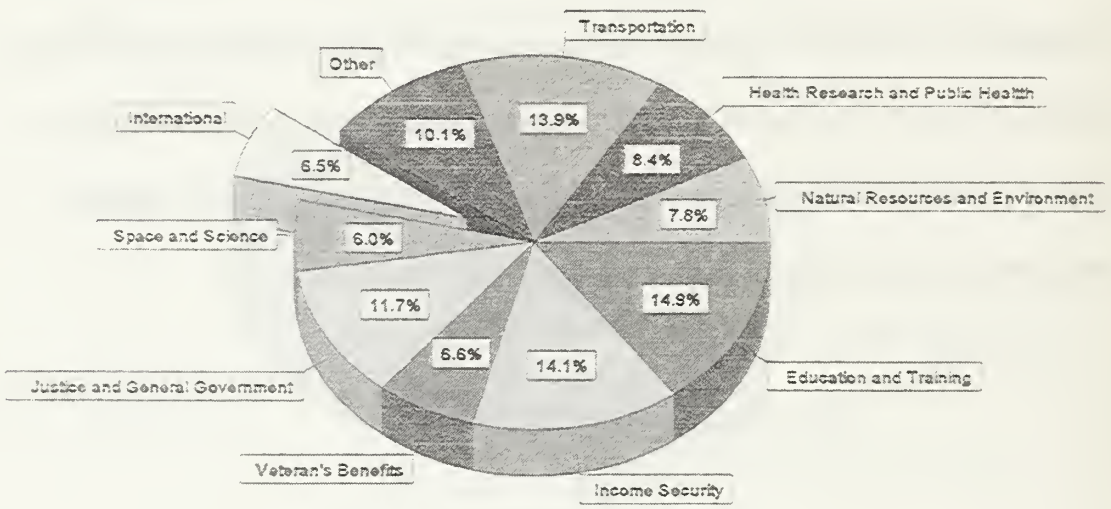

Figure 19. FY1998 Non-defense Discretionary Spending, After Ref. [50].

C. THE GROWTH OF ENTITLEMENT SPENDING

For various reasons beyond the scope of this thesis, a major shift has occurred in outlay patterns over the last 30 years. In constant FY1992 dollars, total federal outlays have doubled in the last three decades, from $710 million in 1970 to $1.65 trillion in 1998. Three-quarters of the total outlay growth for this period is accounted for by only a few entitlement programs, Social Security, Medicare and Medicaid, and interest payments. Spending for entitlement and other mandatory programs has grown four times

faster than spending for discretionary programs, in real terms. [Ref. 60] Mandatory spending accounted for over 30 percent of total federal outlays in 1970. Today that figure has increased to over 66 percent. [Ref. 19]

Total federal outlays, as a percentage of Gross Domestic Product (GDP), have increased only 0.3 percent since 1970. During this time, mandatory spending has grown from 7.5 to 13.1 as a percent of Gross Domestic Product. Discretionary spending, on the other hand, has decreased from 11.9 to 6.6 percent. [Ref. 19] So, it is evident that in a federal budget experiencing very little growth as a percentage of GDP in the last three decades, there has been a 180 degree shift in spending patterns. The General Accounting Office (GAO) points out that:

> During the last 25 years, changes in outlay patterns have also documented shifts in the mission priorities of the federal government. For example, as a share of total spending, only outlays for human services and interest payments grew during this period; outlays for defense, economic affairs, natural resources, and central government operations all declined as shares of overall spending. Also, outlay patterns disclose a change in federal government activity from principally providing goods or services (directly or via contract) to principally providing payments to individuals. [Ref. 60]

There was also a spending pattern shift within the discretionary category. In 1970, spending for national defense accounted for 68 percent of discretionary outlays. In 1998, national defense only accounted for 48 percent of discretionary outlays. Spending for international programs remained about the same, approximately 3 percent. Therefore, domestic spending experienced the corresponding 20 percent increase in spending as a percentage of discretionary outlays, from 28 percent to 48 percent. [Ref. 60] Figure 20 provides a pictorial summary of the past and estimated future trends in

entitlement and discretionary spending by the federal government between 1962 and 2008.

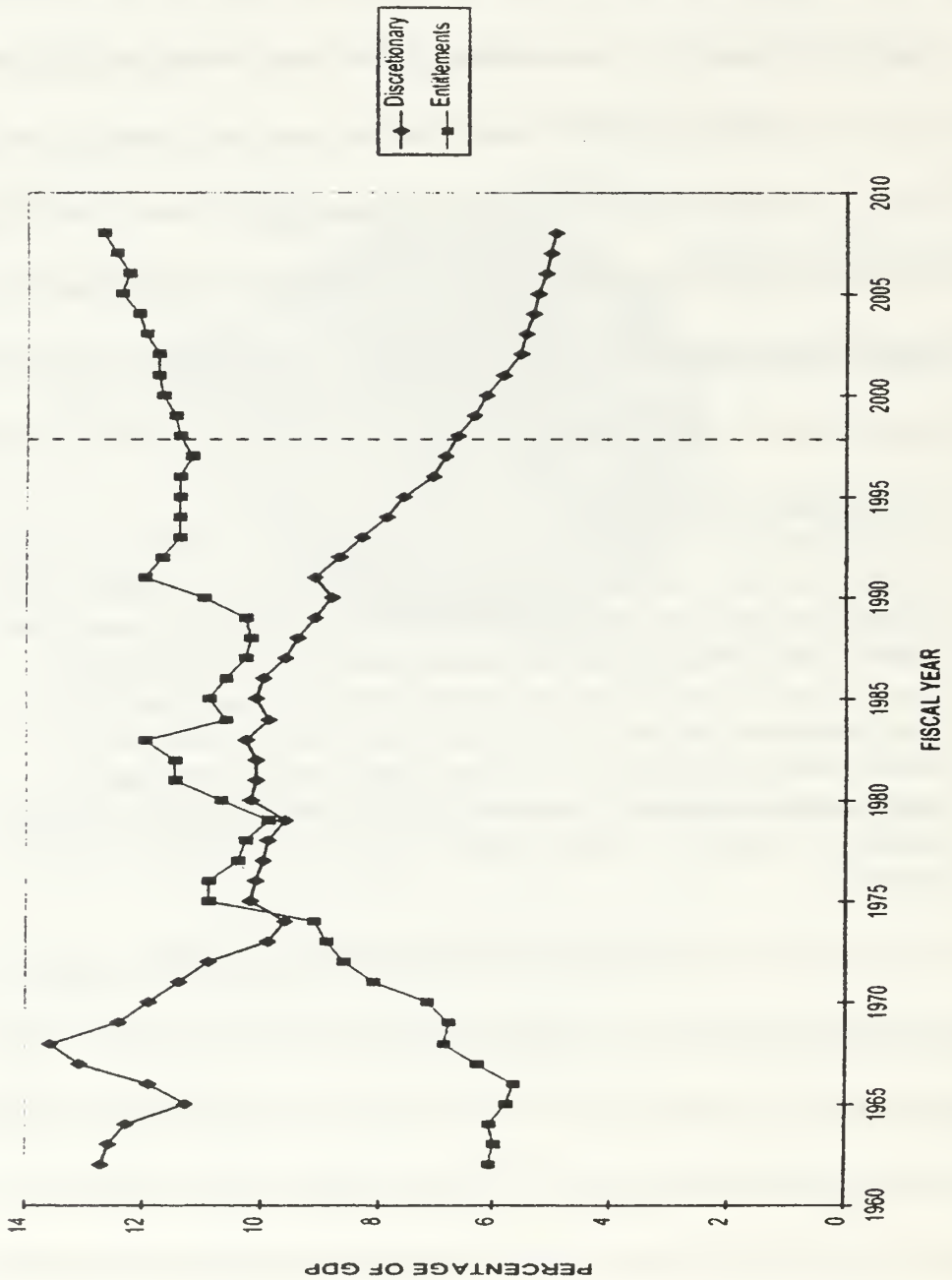

Figure 20. Entitlement and Discretionary Spending, 1962-2008, From Ref. [50].

The significance, here, for US funding for the United Nations is clear. Funding for the United Nations, like all programs funded wholly by discretionary funds, must compete for a portion of funds from a shrinking (as a percentage of total federal spending) spending "pot."

Within this shrinking discretionary pot, defense spending, the source of funds to support UN peacekeeping, has been severely constrained. So, it has increasingly become a matter of prioritizing which discretionary programs will receive funding support. Many lawmakers, unhappy with UN effectiveness and efficiency, have been reluctant to "invest" in the UN as a priority. The lack of constituency for the UN and other international programs has made funding for such programs an easy target for reductions in these times of increasing fiscal constraints on discretionary spending. Funding for international programs, as a whole, has shown a relatively steady decrease since 1980 [Ref. 19]. Most budget forecasts indicate that discretionary funds will continue to be squeezed out by the growth of entitlement spending, making funding for the UN even more uncertain in the future.

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V. LIMITATIONS ON US SPENDING FOR THE UN AND THE RESULTING ARREARAGES

A. INTRODUCTION

The United Nations Participation Act (as amended in 1963) recognizes the financial obligation of the US for its commitment made through the signing of the Charter of the United Nations in 1946 [Ref. 52]. Since 1946, the US has contributed more than $35 billion to the UN system [Ref. 61]. In 1946, the US paid nearly 40 percent of the UN regular budget. In 1970, that figure was down to 31 percent, and by 1973 the US contribution was capped at 25 percent by the General Assembly under significant pressure from the United States. [Ref. 35] Over this time period, the United States has become increasingly reluctant to make full and prompt payment of its obligation. In fact, the last decade has been a period marked by a myriad of limitations and conditions tied to US funding of the United Nations.

Reasons for the increase in funding limitations fall within a broad range. Many US lawmakers question the usefulness of the United Nations within the post-Cold War environment, no longer needed as a vehicle to contain the Soviets. Additionally, the "balanced budget imperative" makes the efficiency and effectiveness of the body come under close scrutiny as Congress struggles to constrain spending. This chapter looks at the key issues associated with increased limitations on US funding for and the resulting accumulated arrearages to the UN regular and peacekeeping budgets.

B. LIMITATIONS ON FUNDING THE UN REGULAR BUDGET

Throughout the past decade, Congress has had many successes and failures in its attempts to limit the amount and use of US funds within the United Nations. Motives vary greatly, but, generally, limitations on US funding are aimed at reducing the financial burden of US participation in the UN through reforms to rid the body of inefficiencies, controlling growth, reducing US regular and peacekeeping budget assessment rates, and shaping the UN's activities to best serve US national interests. The many successes that the US has had in shaping UN structure and policy are due to the powerful influence the US possesses as the largest single financial contributor to the United Nations.

1. Legislative and Policy Withholdings

Since 1980, Congress has made several provisions for withholding a portion of US annual regular budget assessments for certain UN activities. Figure 21 shows these amounts. These statutory withholdings include funding for UN programs benefitting the following organizations and activities:

1. the Palestine Liberation Organization (PLO);
2. the South West Africa People's Organization (SWAPO);
3. the Second Decade to Combat Racism and Racial Discrimination;
4. the Committee on the Exercise of the Inalienable Rights of the Palestinian People;
5. the Special Unit on Palestinian Rights;
6. the Special Committee to Investigate Israeli Practices Affecting the Human Rights of the Population of the Occupied Territories;

7. cost of living increases for UN employees in New York City ("Kasten Amendment"); and,

8. "kickbacks" allegedly paid by some UN employees to their home governments ("Sundquist Amendment"). [Ref. 35]

Dollars in millions

Purpose	Withheld amount
U.S. legislative withholdings	
Construction of the Conference Center for the Economic Commission of Africa (Addis Ababa) in the late 80s during the famine	$29
U.N. assistance to the Palestine Liberation Organization	17
Sunquist Amendment prohibiting a portion of the U.S. payment to the U.N. because of kickbacks paid from Soviet nationals' salaries to their governments for their salaries	6.3
Kasten Amendment of the mid-1980s preventing payment for excessive U.N. post adjustments	1
Assessment rate increase in early 1980s following the breakup of Czechoslovakia	0.7
Subtotal	$54
U.S. policy withholding	
Withheld payment to the U.N. Tax Equalization Fund because of the asserted excessive tax reimbursements paid to U.S. nationals employed by the United Nations	$100
Law of Sea Preparatory Commission	8
Subtotal	$108
Funds withheld until U.N. meets reform conditions	
Office of Internal Oversight Services	$51
U.N. regular budget not to exceed $2.533 billion	100
Subtotal	$151
Total	**$313**

Figure 21. US Withholdings From UN Regular Budget as of 28 February 1998, From Ref. [12].

The UN accounts for these withheld amounts as US arrearages. The US does not recognize these amounts as legitimate arrears due to the domestic laws which prohibit their payment.

At times, Congress and the administration also withheld funds as a matter of policy. For example, the US has balked at payment of $108 million for the Preparatory Commission for the Law of the Sea Convention and on portions of the Tax Equalization Fund concerning tax reimbursements of American UN employees. [Ref. 35] Also, occasionally, hundreds of millions of assessed contributions have been held back for many months until certain conditions were met [Ref. 12].

Perhaps the most notable, direct limitation on US funding for the UN is the passage of the Kassebaum Amendment in 1986. As mentioned in Chapter II of this thesis, the amendment permitted 20 percent of US assessments for the regular budget to be withheld unless UN budgetary matters were decided in a more equitable manner, i.e., proportionate to member state budget contributions. A modified Kassebaum Amendment was passed in 1994, making consensus budgeting sufficient. Since the amendment, the UN has conformed by instituting consensus budgeting mechanisms.

The Kassebaum Amendment, when invoked in 1995, successfully thwarted growth of the UN budget by holding back the 20 percent of the US assessment pending action on the UN's 1996-1997 budget levels. Ironically, some feel that US insistence on zero-real-growth budgets at the UN may be counter productive, as the implementation of several money-saving reform initiatives have been slowed due to lack of funds. For example, the UN has experienced slow progress in the introduction of cost-saving technology used for the modernization of their computer and communications infrastructures. [Ref. 17]

The most significant policy affecting UN cash flow is structural in nature. The UN operates on a calendar year basis, with the entire year's assessment due by the 31st of January. Amounts due are marked as arrears if not paid by the last day of the year. Prior to 1983, the US, operating on a fiscal year basis, paid its UN dues quarterly. This spread out the obligation of funds throughout the year. Since then, US calendar year assessments were paid for with funds from the following fiscal year's appropriations.

For example, the US assessment for 1999 UN contributions, if paid, will be paid from FY2000 appropriations money sometime after 1 October 1999. [Ref. 12] Even then, funds are sometimes not available due to late passage of appropriations legislation. A similar problem has occurred with other member states' assessments. However, their payment of dues are generally made throughout the year due to sporadic availability of limited cash.

It appears that the practice of selective withholding of assessed contributions, whatever the motive, will continue as long as those in Congress "feel it is necessary to maintain financial leverage in order to push for further UN reform." [Ref. 35] The fiscal years 1994 and 1995 Foreign Relations Authorization Act withheld 10 percent and 20 percent of US assessments, respectively, until the UN established an independent office similar to the US Inspector General, empowered to ferret out fraud, waste, abuse, and other inefficiencies within the UN System. The UN, with the assistance of the US Department of State, acted quickly. The Office of Internal Oversight Services was established in a little over a year.

However, Congress continued to hold back portions of US assessments until significant progress had been demonstrated. Furthermore, as evident by the FY1996 budget request which made no request for arrearage funding, the administration had no intentions of paying arrears despite the UN's compliance with the reform conditions imposed by Congress.

2. Limitations Resulting from US Fiscal Constraints

Another cause for increased limitations on US funding for the UN was the extreme pressure to eliminate US budget deficits and control government spending. "With the expiration of the budgetary 'walls' that were part of the 1990 budget agreement, the UN appropriation seems less secure." [Ref. 62] Under the BEA of 1990, lawmakers were prevented, for three years, from increasing domestic program funding by reducing the international affairs budget. Since FY1994, however, the international affairs appropriations seem to be an easy target for budget cuts. Over the last decade, discretionary outlays for budget function 150 have declined from 1.5 to 1.1 percent of federal outlays [Ref. 63]. The UN's lack of a "constituency" has made a vote for such funding cuts "politically safe."

The following example illustrates this point.

> The US payment is part of a larger international organization funding account which is part of a comprehensive piece of legislation that includes important international and domestic programs that sometimes compete for the same scarce resources. (UN assessed contributions are included in a measure which appropriates funds for the Departments of Commerce, Justice, and State, the Judiciary and related agencies.) During 1994 Senate debate on this bill, Senator Hutchinson proposed and the Senate agreed that not less than $350 million of the funds provided for assessed contributions to international organizations and contributions for

> international peacekeeping activities be made available to reimburse US state and local governments for the costs of incarcerating illegal alien felons. Although this provision was not included in the legislation as finally enacted, it demonstrates the vulnerability of support for UN funding when other pressing domestic needs remain. As further evidence, in subsequent legislation, Department of Defense appropriations for FY1995 (P.L. 103-335) included a provision rescinding $4.561 million which had earlier been appropriated for contributions to international organizations. This congressional action allowed an increase in the appropriation for the Asia Foundation from $10 million to $15 million. [Ref. 35]

Another example is seen in the 1997 attempt to withhold "$10 million in authorized UN arrearage payments until the Secretary of State certifies that the United Nations is actively enforcing child and spousal support payments in compliance with court orders and the United Nations is actively reforming its pension policy to make UN pension funds subject to court orders of spousal and child support." [Ref. 26]

3. Limitations Imposed by "Party Politics"

Since 1997, one issue, more than any other, has had a major impact on the present administration's quest for settling US arrearages accounts with the UN. Surprisingly, the issue is international family planning, or, put simply, abortion. On several occasions, legislation was derailed which would have provided full payment of US arrears to the UN if not for the anti-abortion language within the bills. In the spring of 1997, the budget resolution contained an allowance for full payment ($1.021 billion) of arrears to the UN during FY1998, 1999, and 2000 [Ref. 26]. Of course, such funding was contingent upon the enactment of subsequent authorization legislation. Senators Helms and Biden negotiated authorizing legislation which permitted arrears payment if certain UN reforms initiatives were passed in the General Assembly. Meanwhile, the UN

approved far reaching reforms within the UN system. Nevertheless, the so-called "Helm-Biden" package was later defeated when the President vetoed the bill due to anti-abortion language added to the proposed legislation in the House. [Ref. 26]

The US State Department claims that most lawmakers, in principal, are in favor of paying arrearages to the UN; however, "a group of Congressional Republicans insist that no funds will be made available for payment of the debt until there is a resolution of a dispute between the Administration and Congress over international population program funding." [Ref. 64] The controversy lies in reinstatement of portions of the "Mexico City" policy of the Reagan and Bush administrations which banned family planning groups who perform or advocate abortions from receiving US aid. The anti-abortion language was attached to fiscal 1998-1999 State Department authorization in hopes that the President would put his party's "pro-choice" stance on the back-burner in order to live up to the administration's promises to pay US arrears to the United Nations. Senator Lott said, "Madame Secretary, this is the last train out of Dodge on the UN arrearages . . . If this bill doesn't pass in the Senate and isn't signed by the President, the UN issue is probably dead for this year." [Ref. 65] The bill was passed in the Senate on 29 April 1998, but was held in the House until the very end of the congressional session in hopes that the President would change his mind regarding his promised veto.

New Jersey Representative Smith professes his determination to get similar anti-abortion conditions placed on UN arrears payment injected into FY2000 legislation, but has not been successful at the time of this writing. At the heart of this legislation is a compromise reached between Senators Helms and Biden and Secretary of State Albright,

whereby $819 million in US arrears would be paid over the next three years and $107 million in UN debts to the US would be forgiven. [Ref. 66]

At a press briefing concerning the 1998 Emergency Supplemental, which unsuccessfully sought arrearage payment, Secretary of the Treasury Robert Rubin said, "the question of family planning -- should be debated and resolved, but should be done on its own two feet; and it should not be attached to these two issues (International Monetary Fund contributions and UN arrears payments)." [Ref. 67] Senators Gejdenson and Gilman are seeking such separate means to get US arrears paid in FY2000 [Ref. 68]. The United Nations points out that in a poll of Americans by the research group, Wirthlin Worldwide, 80 percent of Americans polled oppose linking UN dues payment with anti-abortion policies abroad [Ref. 69].

It is this author's opinion that a separate legislation approach may be the only way the more than $1 billion in US arrears will ever reach the UN unless the UN acquiesces on the desired reduction of peacekeeping and, perhaps, regular budget assessments. Interestingly, in his 1998 visit to Washington D.C., UN Secretary General Annan pointed out the "not one cent" of US arrears is owed for international population programs [Ref. 64].

C. LIMITATIONS RELATED TO PEACEKEEPING

In the 1990's, the words "United Nations" are frequently linked to "peacekeeping." Since the end of the Cold War, the number of United Nations peacekeeping operations has soared. Prior to 1988, the UN had entered into 13

peacekeeping operations. As of March 1999, 35 additional peacekeeping operations have been undertaken [Ref. 70]. One need look no further than the evening news broadcast or the front-page section of almost any newspaper to find news about United Nations peacekeeping efforts. United Nations peacekeeping is a term used to describe the many activities undertaken by the international organization "to promote, maintain, enforce, or enhance the possibilities for peace." [Ref. 57]

It is important to note that peacekeeping includes such activities as monitoring boarders, providing observers to monitor elections, re-establishing police or civil defense forces for new governments, organizing humanitarian relief efforts, providing logistical and medical support, and monitoring and enforcing cease-fires and other arrangements designed to deter conflict [Ref. 57]. Such activities are referred to in many ways: peacekeeping, peace enforcement, peace-building, humanitarian intervention, nation-building, peace operations, and even operations other than war (OOTW), according to the Department of Defense categorization. The term peacekeeping is used here to include all of the above mentioned activities.

As of 30 November 1998, the US had 375 military personnel serving in five UN peacekeeping operations; two in the Middle East, and one each in Macedonia, Georgia, and the Western Sahara. Furthermore, nearly 64,000 US troops were deployed independently in support of UN approved military operations in Bosnia, Kosovo, South Korea, and Southwest Asia (Iraq). [Ref. 57]

1. Legislative Limitations on Peacekeeping

As mentioned in Chapter II of this thesis, PDD 25 provides guidelines for US decision making regarding all "peace related" operations. Additionally, various other legislative actions have been taken throughout the past few years requiring the President, and/or the Secretaries of State and Defense to comply with new reporting protocols concerning ongoing peacekeeping operations as well as potential new ones. However, few legislative actions have been successful in directly limiting US funding for UN peacekeeping.

The FY 1996 DOD authorization bill (H.R. 1530) included a provision that would have limited funding of peacekeeping operations if US troops were placed under UN command. The President vetoed the bill citing infringement on his authority as Commander and Chief and inconsistencies with Congress' own coveted "War Powers Act." This was the last time in the 1990's that an attempt was made to restrict DOD funding related to US troop participation in peacekeeping operations. However, identical language passed in the FY1997, 1998, and 1999 State Department appropriations. These bills imposed a restriction on expenditure of State Department funds for UN peacekeeping operations where US troops are placed under UN command or control. Before the funds could be used, the President had to provide a detailed explanation of the rationale for such an arrangement, indicating how US interests are served by doing so. [Ref. 57]

The most pertinent issue involving US funding for UN peacekeeping is in the area of assessments. In 1999, the US assessment for UN peacekeeping is 30.4 percent. Under

the 1993 Foreign Relations Authorization Act, the United States is prohibited from paying greater than 25 percent of the UN peacekeeping budget [Ref. 71]. In response to a US request, the General Assembly agreed to a 25 percent cap on regular budget assessments in 1973. However, peacekeeping budget assessments have no such cap. The difference in the assessment imposed by the General Assembly and that which is recognized by the US is charged to the US arrears account by the United Nations. This and other peacekeeping "withholding" legislation is summarized in Figure 22.

Dollars in millions

Purpose	Withheld amount
U.S. policy cap on peacekeeping assessment at 30.4 percent versus the 31.7 percent set by the General Assembly to cover peacekeeping contribution shortfalls following the breakup of the Soviet Union	$123
U.S. legislative cap on peacekeeping assessments at 25 percent after October 1, 1995, versus U.N. assessment of 30.4 percent	128
U.S. policy withholding of U.S. payment for the United Nations Mission for the Referendum in Western Sahara (MINURSO) pending outcome of U.S. negotiations	3
Total	**$254**

Figure 22. US Peacekeeping Withholdings as of 28 February 1998, From Ref. [12].

Until recently, seeking reductions in UN regular and peacekeeping budget assessments was resisted because of the fear of losing the considerable leverage which the US has within the UN due to its dependence on US funding. In 1951, the five permanent members at the Security Council provided over 70 percent of the UN budget. By 1999, that number was down to less than 43 percent. Some have voiced concerns that

even lower assessments may signal diminished influence within the UN. However, others point out that the US and two of its strongest allies, Germany and Japan (not permanent members of the Security Council), provide more than 50 percent of the UN budget. [Ref. 35] This may be the impetus behind US pleas for making Germany and Japan permanent members of the Security Council.

2. Limitations Imposed by the US Budget Process

Even more than the regular budget, the UN peacekeeping budget suffers from structural incongruence with US budgeting procedures. Unlike regular budget assessments, which are due at the beginning of the calendar year in a lump-sum form, the inherently unpredictable nature of peacekeeping operations requires that they be funded as the need arises. Peacekeeping assessments are due in full from member states within 30 days of their assessment. The problem posed for the US is that, generally, unless a future obligation is identified during the budget process, no funding will be made available.

The US has budgeted for so-called "contingencies." For example, groundbreaking steps were taken by the 104th Congress which provide advanced funding for Southwest Asia operations in and around Iraq under the FY1996 DOD appropriations bill (PL104-61). Such advanced funding for ongoing contingency operations had not been performed since Vietnam. The success of the Southwest Asia advanced funding led to the establishment of the Overseas Contingency Operations Transfer Fund (OCOTF), mainly for NATO operations in Bosnia.

Whether these forms of contingency funding will continue to be effective for the future of UN peacekeeping remains to be seen. Congress has rejected other contingency funding vehicles such as the Global Cooperative Initiatives (GCI) and the Readiness Preservation Act which sought to end the "fourth quarter problem" caused by reprogramming for peacekeeping within the DOD. Opponents argue that the plans were for "unspecified and undetermined" military operations. Therefore, Congress continues to maintain its leverage over peacekeeping via the appropriations process. [Ref. 56]

D. VOLUNTARY CONTRIBUTIONS OF GOODS AND SERVICES TO UN PEACEKEEPING, HUMANITARIAN RELIEF, AND OTHER ACTIVITIES

The United Nations recognizes that there is a close relationship between peacekeeping and humanitarian actions [Ref. 23]. Accordingly, much of the UN's time and energy is spent in pursuit of peace promotion via humanitarian activities. Some assistance is provided by specialized agencies within the UN System like the United Nations Children Fund (UNICEF) and the World Food Program (WFP) which generally target more specific populations or concerns. Other assistance is provided through the voluntary contributions of goods and services by member nations.

Authority for the United States to contribute to these activities is provided under the Foreign Relations and Intercourse Act of 1949 (Title 22, note 287d-1) [Ref. 72]. Examples of US voluntary support for various UN-sanctioned peace operations are displayed in Figure 23. Notice that the US spent nearly five times the amount of its UN assessment. This constitutes "voluntary contributions" made by the US in addition to

that required by any request for troops or services by the United Nations. The US had no official obligation to provide this level of assistance.

Dollars in millions

	Fiscal years				
Country	**1992**	**1993**	**1994**	**1995**	**1992-95**
Haiti Total	$79.7	$130.4	$530.8	$875.8	$1,616.7
(U.S. assessment)	(0)	(0)	(0.5)	(51.9)	(52.4)
Former Yugoslavia Total	126.7	408.7	959.0	692.5	2,186.9
(U.S. assessment)	(76.4)	(70.1)	(459.7)	(179.8)	(786.0)
Rwanda Total	22.1	24.8	261.4	265.4	573.7
(U.S. assessment)	(0)	(0)	(34.0)	(75.5)	(109.5)
Somalia Total	92.9	1,124.8	913.3	92.1	2,223.1
(U.S. assessment)	(0)	(40.9)	(330.9)	(16.9)	(388.7)
Total	**$321.4**	**$1,688.7**	**$2,664.5**	**$1,925.8**	**$6,600.4**
(U.S. assessment)	**(76.4)**	**(111)**	**(825.1)**	**(324.1)**	**(1,336.6)**

Figure 23. US Costs in Support of Certain UN Peace Operations, FY1992-1995, From Ref. [73].

1. Incremental Costs

Incremental costs not directly associated with the UN peacekeeping efforts also accrue. For example, in fiscal year 1992 through 1995, the US Agency for International Development spent over $720 million on programs to strengthen the Haitian police and judicial system, distribute food and water, improve sanitation and perform mine clearing. [Ref. 73] These activities, while certainly supportive of the overall UN peacekeeping process in Haiti, were voluntary and performed for the sake of US national interests. Similar incremental costs incurred by the Department of Defense for a variety of humanitarian and contingency operations are shown in Figure 24.

Operation	1991	1992	1993	1994	1995	1996	1997	1998	FY91-98 Total
Southwest Asia									
Provide Comfort/Northern Watch	325.0	101.5	116.6	91.8	138.2	88.9	93.1	136.0	1,091.1
Southern Watch/ Air Expeditionary Force			715.9	333.0	468.4	576.3	597.3	1,497.2	4,188.1
Vigilant Warrior					257.7				257.7
Desert Strike/Intrinsic Action							102.7	5.6	108.3
UNIKOM (UN/Iraq Observer Group)	21.5	4.9	6.0						32.4
Total Southwest Asia	346.5	106.4	838.5	424.8	864.3	665.2	793.1	1,638.8	5,677.6
Former Yugoslavia (Bosnia)									
IFOR/SFOR/DFOR/FFOR						2,231.7	2,087.5	1,792.9	6,112.1
Other Former Yugoslavia Operations*		5.8	138.8	292.0	347.4	288.3	195.0	169.9	1,447.1
Total		5.8	138.8	292.0	347.4	2,520.0	2,282.5	1,962.7	7,549.2
Haiti									
Safe Harbor		9.3							9.3
Embargo/Interdiction/Sanctions			2.8	65.8					68.6
Migrant Processing				108.1	63.7				171.8
Uphold Democracy				198.2	448.8				647.0
UNMIH					56.5	86.9			143.4
Total Haiti		9.3	2.8	372.1	569.0	86.9			1,040.1
Somalia		1.6	943.1	528.0	49.4				1,522.1
Cuba				106.8	265.6	24.9			397.3
Rwanda			1.0	106.7	36.5				144.2
Korea				69.7	90.9				160.6
Resolute Response (Kenya & Tanzania)								1.2	
Bangladesh (Sea Angel)	7.1	6.4							13.5
Mt. Pinatubo (Philippine Evacuation)	339.4	84.5	7.9						431.8
Project Hope (Soviet Union)		0.6	0.1						0.7
HurricaneAndrew/ Iniki/Omar		621.2	137.7						758.9
LA Riots		14.3							14.3
Guam Earthquake			94.1						94.1
Turkey Earthquake Relief		0.2							0.2
Midwest Floods			0.1						0.1
Angola		0.5	0.1	2.6					3.2
Cambodia		0.5	0.5	5.0					6.0
Western Sahara		0.9	0.3	0.1					1.3
Total	693.0	852.2	2,165.0	1,907.8	2,223.0	3,297.0	3,075.6	3,602.6	17,816.2

Figure 24. Incremental Costs of DOD Humanitarian and Contingency Operations for FY1991-1998 (Budget Authority in Millions of Current Year Dollars), From Ref. [56].

There are those in Congress who wish to seek credit towards US arrears for all costs associated with support of UN sanctioned activities. For example, some believe that the administration should be required to "deduct from the annual UN assessment the cost of US military operations that are endorsed but not paid for by the United Nations, such as enforcement of the "no-fly" zones over Bosnia and Iraq and the patrols around Haiti to enforce economic sanctions." [Ref. 74] The Clinton Administration opposes this idea. So far, legislation to implement this policy has not reached the President for signature [Ref. 75].

2. Reimbursements for Peacekeeping Support

Currently, the US, like all UN members, is reimbursed by the UN only for troops which it contributes to UN operations and services provided under "Letters of Assist." These documents specifically delineate UN reimbursement pledges. [Ref. 57] Under the Foreign Assistance Act, reimbursements from the UN "received within 180 days of the end of the fiscal year in which the support was provided (shall) be credited to the current year appropriation that originally funded the support." [Ref. 76] Reimbursements received after the 180 days are returned to the Treasury.

Appendix G is a excerpt from a 1995 GAO report on Peace Operations listing DOD accounts credited for FY1993 expenses incurred in support of UN peace operations. According to the Congressional Research Service, "(a) little less than one-third of UN reimbursements for troop contribution is credited to DOD to cover DOD's incremental costs in deploying those troops; the remainder is credited to the State Department." [Ref. 57] This is very significant in that DOD must either absorb the remainder of the costs in

its operations and maintenance (O&M) fund, which diminishes readiness; cover the costs by reprogramming funds, often from vital modernization procurements; or hope for supplemental or emergency appropriations in the future.

Though not a UN undertaking, an emergency supplemental appropriations was required to pay for the recent air war in Kosovo. Of the $10.9 billion included in the supplemental, at least $5.0 billion was needed to pay for the campaign. Incremental costs of peacekeeping in Kosovo are estimated to reach $2-3.5 billion a year, not including humanitarian assistance provided to Kosovar refugees. [Ref. 77]

E. ARREARS OF THE US AND OTHER MEMBER STATES

> The failure of the United States to pay its arrears to the UN and other international organizations not only has contributed to their financial problems, but has brought into question the U.S. commitment to the entire system of international structures, norms, and mutually agreed treaty obligations. [Ref. 78]

The United States and other UN member nations are required by Article 17 of the UN Charter to pay assessments "as apportioned by the General Assembly." [Ref. 3] The U.N. Participation Act authorizes an annual appropriation of the funds necessary for the financial obligations required for US participation in the United Nations. US assessed contributions are authorized in the biennial Foreign Relations Authorization Act and appropriated in annual appropriations legislation for Departments of Commerce, Justice, State, the Judiciary and related agencies. [Ref. 35]

For a myriad of reasons, discussed in some detail earlier in this chapter, the US payment of assessments has been less than the required amount for years. Even though

the US has paid about 90 percent of its assessments over the last 17 years, additively, arrears remain dangerously close to levels (two years worth of regular assessments) which would cause the UN to invoke Article 19 of the UN Charter, suspending US voting privileges in the General Assembly. In a letter to the Assistant Comptroller General of the US General Accounting Office, the Assistant Secretary of International Organization Affairs for the Department of State proclaimed, "This would be a stunning embarrassment for the US and would lead to further pressures to reduce our influence in the Security Council, and all other fora." [Ref. 12] However, the US is not the only member in such a position. In fact, as of 4 February 1998, 39 member states had lost their voting rights under the Article 19 provision [Ref. 12].

The dire situation facing the UN as a result of the arrears situation was given some considerable attention in Chapter II of this thesis. "In short: cash is down, obligations exceed cash balances; assessments, duly agreed upon by all Member States by consensus, have not been paid." [Ref. 21] A 1995 report for Congress by the Congressional Research Service points out an interesting peculiarity in the UN's situation:

> Since 1988, the U.N. budget has been approved by consensus. This means that no country has voted against the budget as adopted. Therefore, it would seem that member countries should be willing to pay for the budgets that they did not feel the need to vote against. [Ref. 35]

As a matter of fact, if the body were to adopt a budget by any means other than consensus, it may cause the US to invoke the Kassebaum Amendment as it did in FY1995, holding back 20 percent of its assessed contributions [Ref. 35]. Figures 25 and 26 present UN calculations of regular budget and peacekeeping arrears for 1997 and prior years.

Notice that US peacekeeping arrears are 2.5 times that of regular budget arrears. The status of unpaid contributions by UN account and by member states for the same period are displayed in Appendix H and I respectively.

Dollars in millions

Member state	Arrears	Percent of total arrears
United States	$373	80.9
Withheld amount	(313)	
Undisputed amount	(60)	
Brazil	17	3.7
Others (71 members)	71	15.4
Total	**$461**	**100**

Figure 25. UN Calculation of Regular Budget Arrears (1997 and Prior) as of 28 February 1998, From Ref. [12].

Dollars in millions

Member state	Arrears	Percent of total arrears
United States Withheld amount Undisputed amount	$917 (254) (663)	59.6
Russia	136	8.8
Japan	89	5.8
Others (159 members)	396	25.8
Total	**$1,538**	**100**

Figure 26. UN Calculation of Peacekeeping Arrears (1997 and Prior) as of 28 February 1998, From Ref. [12].

The situation at the UN as of 28 February 1999 was summarized by UN Under-Secretary-General for Management, Joseph E. Connor. He said, "the level of unpaid assessments has become intractable . . . unstable conditions hold hostage the financial future of the United Nations." [Ref. 21] Although more members are paying their assessments in full, only 32 members paid their 1999 assessment on time. In 1994, only 75 nations paid their assessment in full. In 1998, 117 of the 185 members made their full contributions. [Ref. 21] Nevertheless, the UN remains in financial dire straights.

Over $2.9 billion is owed to the UN by its members. Fifty-eight percent ($1.69 billion) of this debt is owed by the United States. The US is in arrears for $620 million for the UN regular budget, and $1.07 billion for peacekeeping assessments and contributions for international tribunals. [Ref. 21]

A broad bipartisan group of more than 100 former high level US public officials and current corporate leaders has formed a coalition supporting US payment of UN arrears. Group members include former Presidents Ford and Carter; over 20 former cabinet members including the Honorable Henry Kissinger, Warren Christopher, Harold Brown, Bill Brock, Cyrus Vance, Paul Volcker, and Lloyd Bentsen; numerous former members of Congress, including Senators Sam Nunn, and Warren Rudman; and many prominent members of corporate America. The distinguished group endorsed an "Open Letter to the Congress of the United States" in February 1998, stating:

> Pay the $1 billion in back dues owed to the United Nations. The UN is now reforming its bureaucracy, cutting costs and becoming more efficient. Its benefit to US interests is confirmed daily in world trouble spots. The vast majority of Americans support the use of the UN to address global problems. Nonpayment of our dues simply reinforces a growing worldwide perception that the US is willing to go it alone and walk away from critical multilateral institutions. This is not in our self-interest. [Ref. 79]

At the time of this writing, the payment of US arrears under FY2000 appropriations remains uncertain. However, legislation passed in the Senate authorizes the expenditure of funds appropriated for the payment of arrearages to meet obligations of membership in the United Nations, and to pay assessed expenses of international peacekeeping activities for FY1999. For FY2000, authorization is granted for the payment of $244 million in arrearages. [Ref. 80]

F. FLAWED CONCLUSIONS AND MISCONCEPTIONS

The most highly publicized, and perhaps most damaging, argument against payment of US arrears to the United Nations is ironically, one of the most flawed. Some lawmakers argue that the amount of arrears for which the US is held accountable is wrong. In fact, they claim that it is the UN which owes the US money -- nearly $3.5 billion. [Ref. 81] This assertion, however, stems from misinterpretation of the facts about US involvement in UN peacekeeping operations.

In 1997, the United Nations Erroneous Debt Act (H.R. 934) was introduced in Congress. Based on the same figures presented in Figure 23 earlier in this chapter, the bill claimed that the UN was indebted to the US for peacekeeping expenses totaling at least $3.5 billion. Though the bill was defeated, some continue to maintain that the figures, drawn from GAO and Pentagon reports, prove the level of UN indebtedness to the United States. [Ref. 81] The reports presented the aggregate costs to the US for its participation in peacekeeping operations in Haiti, Rwanda, Somalia, and the former Yugoslavia from 1992 to 1995. The argument is that the UN should reimburse the US for all peacekeeping and humanitarian relief efforts conducted in support of UN Security Council resolutions.

The trouble with this assertion stems from confusion over what constitutes UN-reimbursable support for peacekeeping activities. The UN only reimburses member nations for goods, services, and troops which are contracted through a "Letter of Assist" for formal, "blue-helmeted" UN peacekeeping operations. When member nations choose to perform peacekeeping activities that are not under UN control, they do so at their own expense. This is the case if their activities receive "an international 'stamp of approval'

by a supportive UN Security Council resolution - such as the current NATO operations in Bosnia and US and British patrols of no-fly zones over Iraq." [Ref. 81]

The US Department of State makes three important points regarding the controversy over UN reimbursable peacekeeping expenses:

1. The US undertakes international peacekeeping operations because they serve its national security interests, not because there is a UN Security Council resolution endorsing them;

2. If the US set a precedent of UN reimbursement of all international peacekeeping operations associated with Security Council resolutions, it would be faced with helping to pay for operations it never agreed to fund, such as the recent Italian-led effort in Albania. Such a change would also lead to a huge increase in UN peacekeeping costs.

3. There is a very clear and logical distinction between the operations that the UN pays the United States for and those it doesn't. Reimbursed operations are under UN control. Operations for which the US is not reimbursed are ones that the US wants to maintain full control over - often because they involve a large commitment of troops. [Ref. 81]

Finally, there is an additional question concerning how much money the US owes the UN in arrears. There is a disparity between the debt level that the US recognizes and that which the UN claims. For example, in 1998, UN accounts showed the US in arrears for approximately $1.29 billion. The US recognized only $723 million. [Ref. 12] The $567 million difference is generally accounted for in two ways. First, the time of year at which the debt levels are reported can affect the totals because of the mismatch, explained in Section B, between the fiscal and calendar year policies. Second, the amounts which the US does not intend to pay, due to domestic law prohibitions, is not included in US versions of arrears totals. [Ref. 13]

VI. CONCLUSION: CONSEQUENCES OF CONTINUED US DEBT AND ALTERNATIVES

A. INTRODUCTION

Today, the United Nations continues its struggle in redefining its role in areas of peacekeeping, human rights and security, state sovereignty, and the global economy. Under considerable pressure from the US, many far reaching reforms have been initiated and some have been realized. Still, the future of the UN-US affiliation hangs in the balance over its increasingly precarious financial relationship. Thus far, this thesis has addressed US funding for the UN on a historical and contingent basis. Now, it is important to consider the "what if" scenario concerning the consequences of continued US indebtedness to the UN and some possible alternative courses of action for both parties.

In the short-term, the US policy of withholding funds in order to encourage UN reform appears to have proven relatively successful. As noted earlier in this thesis, the streamlining of the United Nations' management and organizational structure, and the more cautious approach taken in peacekeeping involvement, provide indicators of a more modern, business-like approach to UN operations. However, the long-term momentum of reform may be jeopardized by the continued indebtedness of the US to the body as resentment towards the US among UN members grows. Francesco Fulci, Italy's ambassador to the United Nations, tells the following story to illustrate this:

> Fulci, mimicking the United States talking to other U.N. members, fishes a coin out of his pocket and says he will hand it over 'if you create an inspector general.' So, Fulci says, U.N. members create an inspector general, but Uncle Sam puts the coin back in his pocket.
>
> Still pretending to be the United States, Fulci again pulls the coin from his pocket, saying he will relinquish the money if the United Nations limits its budget. So U.N. members institute a budget cap, Fulci says, and the United States again returns the coin to its pocket.
>
> Over and over, he says, U.S. officials have used the same trick, persuading other countries to support changes. Each time, thanks to Congress, Uncle Sam has held on to the coin — the payment of U.S. debts.
>
> Now, Fulci and other foreign diplomats are telling American officials they see through the trick and will no longer support changes at the United Nations unless the United States pays what it owes. [Ref. 82]

This story may foreshadow the intangible consequences of the failure of the US to pay its debts to the United Nations. Of course, there are tangible consequences as well; both are the focus of this chapter.

B. CONSEQUENCES: PAST AND FUTURE

The United States has already begun experiencing the fallout associated with its unpaid debts to the United Nations. In 1996, the US lost its seat on a principle UN budget oversight panel, the Advisory Committee on Administrative and Budgetary Questions (ACABQ). This marked the first time in 50 years that the US was not represented on the panel which is the UN equivalent of US appropriations committees. This means that line by line oversight of UN spending reports is no longer readily available to a US official. [Ref. 82]

The Department of State recognizes another consequence of US indebtedness: fewer staff positions held by Americans. As of the beginning of 1998, Americans were

under-represented in four of the five UN agencies which set "desirable ranges" for membership based on geographic representation. Figure 27 displays this data.

Agency	Employees	Desired Range	Americans	Percent	Status
UN	2492	326-441	372	14.9	In Range
FAO	904	170-206	107	11.8	Below Range
ICAO	201	27	14	7	Below Range
ILO	595	91-121	66	11.1	Below Range
UNIDO	286	48-66	18	6.3	Below Range
WHO	1064	174-237	139	13.1	Below Range

Figure 27. American Employment Status in Certain UN Agencies as of December 1996, From Ref. [14].

Continued US indebtedness also carries the risk of decreased political clout, although, admittedly, this is a very difficult thing to measure. Nations' attitudes toward the US may serve as indicators. In 1997, US attempts to pressure the UN into lowering its peacekeeping assessments to 20 percent failed. The UN was recalculating its assessment scale for the next three years, and reduction of the US assessment appeared likely if the "Helms-Biden plan" for repaying US arrears had been passed. In a show of faith, and to create future incentive in 1998, the UN made an unprecedented decision to revisit the assessment scale in 1998 on a one-time-only basis, hopeful that the US would resolve its issues preventing arrears payment. In the meantime, the US modified its request for assessment reduction to 22 percent.

Member states were quick to point out that the US accounts for 26 percent of the world's income, yet is assessed the maximum of 25 percent of UN costs, while the 15

members of the European Union account for almost 31 percent of the world's income, but are assessed over 36 percent of UN costs [Ref. 83]. These member nations were among the same ones who, a year earlier, had considered a US assessment drop to 20 percent in return for arrears payment, even though it meant they would have to "pick up the slack". So, it appears that resentment among UN members continues to grow due to the inability of the US to resolve the arrearage payment issue.

Perhaps the most significant, and politically embarrassing, consequence of continued indebtedness is the potential loss of the US vote in the UN General Assembly under Article 19 of the UN Charter. There are those who dismiss this as insignificant since the US would retain its vote in the Security Council where the US seat, vote and veto powers are unaffected by Article 19. Such views grossly underestimate the significance of the General Assembly. A vote in the General Assembly not only provides a means to influence international policy, but it serves as a vehicle for shaping world opinion as well. For example, US efforts to focus General Assembly attention on Soviet intervention in Afghanistan in the 1980's de-legitimized their war efforts and discredited their justification in international opinion. More tangibly, loss of the US vote in the General Assembly means:

1. the loss of seats among various high level working groups charged with overhauling the Security Council, including issues of veto power, and the number of permanent and non-permanent members;

2. the United States would "not lose A vote on budget issues, (but) would lose THE vote" under the UN's consensus-based budget procedures, effectively ending its influence to UN budgeting priorities;

3. the European Union might be able to win approval of measures which could cause US companies to lose UN contracts under a proposal aimed at punishing countries who owe significant amounts to the UN; [Ref. 82]

4. the General Assembly could, potentially, elect to the Security Council a member state inimical to US national interests;

5. the US would be significantly disadvantaged in bids for seats on the many global policy-setting bodies elected by the Economic and Social Council, such as the Commissions on Human Rights, Narcotic Drugs, Sustainable Development, Status of Women, Crime Prevention and Criminal Justice, Social Development, and Population and Development; and

6. the US jeopardizes US seats on governing boards of voluntarily funded programs such as the UN Development Program, Environment Program, World Food Program, and the Children's Fund. [Ref. 84]

If UN projections show that the US is in danger of losing its General Assembly vote in 2000, a notification letter will be issued in November 1999. This letter would delineate the minimum amount of arrears payment required to avoid the loss of the UN General Assembly privileges. [Ref. 85] According to US officials, the US barely scraped by last year after Congress approved a last-minute appropriation as part of the fiscal 1999 omnibus spending bill (PL105-277)." [Ref. 82]

There is, however, a precedent set by the General Assembly for the waiving of arrearages. When the arrears of the Soviet Union and France reached Article 19 imposition levels in 1964 over their refusal to pay for the United Nations Emergency Force (UNEF) in the Middle East and the United Nations Operation in Congo (UNOC), the General Assembly eventually waived all member's arrears for these operations. The US responded by stating that "the United States reserves the same option to make

exceptions" in the future. [Ref. 17] As of this writing, the US has not mounted any serious efforts to persuade the General Assembly to waive US arrears.

C. ALTERNATIVES

One thing that the issue of US funding for the UN does not lack is suggestions for how to resolve the long-standing differences which have brought the US-UN relationship to the precarious position it finds itself in today. Numerous groups have performed studies and submitted proposals and recommendations for money-saving internal reforms and ideas for new avenues for raising revenues in the UN system. The groups include such organizations as the General Accounting Office, the Congressional Research Service, the Ford Foundation, the US Commission on the Effectiveness of the United Nations (whose members were appointed by the President and Congress), and the informal collegiums formed by various, former, high-ranking UN officials [Ref. 35]. Others range from international studies groups at colleges and universities, to "mock UN" sessions held by high school students at the state and national level, to independent research performed by the League of Women Voters of Seattle Education Fund.

One common thread held by almost all groups concerning the financial situation at the UN is the desperate need for member nations to pay their assessments "in full and on time." Although this section will provide a brief list of some of the many suggestions offered by such groups, its focus will be on a few of the possible alternatives the US could pursue regarding its relationship with the United Nations. The implications of several of

these potential policy decisions could prove suitable for future thesis research and analysis.

1. Action by the UN

An overwhelming majority of the suggestions listed here would require the UN to achieve a two-thirds majority vote in the General Assembly for implementation. Furthermore, many would also require amendment to the UN Charter. The merits of the suggestions listed will not be addressed. Rather, they are presented to foster an understanding of just how desperate the UN financial situation has become.

To improve its financial situation, it has been suggested that the UN:

1. institute an international air-travel tax;
2. levy a tax on international arms sales and currency transactions; (the US vehemently opposes any form of international taxation) [Ref. 75];
3. conduct an international lottery program to increase revenues and citizenship participation;
4. launch a campaign to keep the publics of member states informed of UN activities;
5. borrow commercially;
6. borrow from the World Bank or International Monetary Fund (These institutions can only lend to sovereign governments at this time [Ref. 75]);
7. change assessment scale basis to reflect three-year versus 10-year economic conditions to better reflect member nations' current economic positions;
8. increase funds available to the UN's Working Capital Fund;
9. charge interest on unpaid dues to provide incentives for prompt payment by member nations;

10. prohibit private companies of member nations with large debt levels from receiving certain contracts for goods and services;

11. issue a UN credit card;

12. change to a quarterly assessment method;

13. revoke General Assembly voting rights under Article 19 for a minimum one year period to increase incentive for payment of arrears. (Currently, voting rights are reinstated as soon as arrears levels fall below two years worth of assessments).

14. collect multinational corporation licensing fees; and/or,

15. levy a tax on international trade in petroleum, hydrocarbons, and fossil fuels. [Ref. 86]

Though many of these proposals have been discussed within United Nations' channels, the GAO reports that no formal proposals have been brought before the General Assembly concerning alternative revenue raising vehicles. The GAO also notes that "the official position of the US government is that it would veto any proposal to amend the UN charter for this purpose." [Ref. 75] Proposals which may infringe on the sovereignty of member nations, like taxation, are thought to have little chance for implementation.

2. Action by the US

No matter what action, or combination thereof, the United Nations pursues, it is unlikely that it can succeed without the continued financial support of the United States. Even though the US carries a substantial arrears balance, the magnitude of the contributions that it does make, typically between $600 million to $1 billion, is essential to the solvency of the United Nations [Ref. 12]. So, the crux of the matter concerning

the survival of the UN may lie in what action the US decides to take. Then Secretary General of the United Nations, Boutros Boutros-Ghali put it this way:

> Let me say this frankly: I need the United States. The United Nations needs the United States. Finding the right relationship between the United Nations and the United States may be one of the most important tasks of our time. In peacekeeping, the United Nations budget arrears approach a thousand million dollars. That is not an oversight. It is a decision. And it will have consequences.
>
> If the United States, despite its legal obligations under the Charter, decides not to fulfill its financial undertaking, it can do so. If the United States wants to condition its contribution or withhold part of it or reschedule it — the United Nations can do nothing. But I ask that such steps not be taken lightly. I ask that those who decide consider carefully what such steps may mean — for American influence at the United Nations and for the precedent it would set for others. [Ref. 87]

There are countless options which the United States could pursue regarding its relationship and funding practices within the UN system. Here, a short list of relatively broad, vaguely defined alternatives is presented. The cost-benefit analysis which could be pursued for some of the options is beyond the scope of this thesis, but may be suitable for further research.

Possible options for the US to pursue to resolve the long history of infighting with the UN are as follows:

1. Continue the current policy of using withholdings to push for further reforms in the UN system which includes the desired changes in assessment rates. This will force the US to make a choice; either continue to pay just enough of its obligations to retain its General Assembly voting rights, or allow arrears to accrue, forcing Article 19 provisions to strip the US of its General Assembly vote and precipitate the possible consequences discussed earlier in this chapter;

2. Support UN pursuit of one or more of the alternative forms of revenue raising that could ease the financial burden on the US and begin to address

the dire financial situation experienced by the UN. This would entail a major shift in congressional opinions on sovereignty and international taxation issues;

3. Support a "switch-back" to the former method of US assessment payment on a quarterly basis to ease UN cash flow problems. This would require Congress to accept a substantial increase in the international organization account in the transition year, since three quarters of the assessment would have to be programmed for the upcoming fiscal year in addition to the previous calendar year's entire assessment; [Ref. 35]

4. Support UN rights to borrow commercially or from the World Bank or International Monetary Fund;

5. Agree to pay arrears in full in exchange for a reduced assessment percentage. This may involve a formal, legally-binding agreement between the US and the UN, as many member states are now leery of gentlemen agreements with the United States.

6. Pay arrears unconditionally. This gesture may restore the US standing in the UN and internationally, potentially increasing US influence over further reforms and improving the ability of the US to use the UN as an instrument of international policy.

7. Allow US dues to be paid by private individuals, corporations, and other non-governmental organizations via tax-deductible contributions. The uncertainty of this option regarding planning and the legislative action required make this semi-improbable.

8. Withdraw from the United Nations. Of course, the debt will not go away with this act. The United Nations may become insolvent and the US may find that the costs of returning to a form of isolationism may far exceed the costs of paying US assessments and arrears [Ref. 84]; and/or,

9. Propose a compromise on burden sharing that does not give the "zero-sum game" impression currently given by the seemingly arbitrary requests for assessments of 20 percent for regular and peacekeeping budgets. For instance, a graduated scale of US assessment reductions over a period of five or more years would allow long-run savings to be realized while providing "ramp-up" time for member nations to shoulder the burden of their corresponding assessment increases and for the UN to realize reform driven cost-savings.

D. CONCLUDING THOUGHTS

The author is in basic agreement with this view, expressed by Benjamin Rivlin in his lecture at the United Nations University, Tokyo, Japan, 25 September 1995:

"The acceptance of the idea that security is a matter of mutual concern and cooperative action is experiencing great difficulty, as is the effort to broaden the concept of security to encompass the growing problems of socio-economic inequity, poverty, environmental degradation, population pressures, (and) human rights deprivation — all subsumed under the notion of 'human security'." [Ref. 10] The United States has great interest in all of these global issues as the world's leading political, economic, and military power. Few would argue that it is possible for one nation to address all of the world's "ills." Multilateral action through "world bodies" may, indeed, be the only substantive way to contain weapons of mass destruction, change the behavior of rogue states, protect the environment from ozone depletion, acid rain, global warming, and deforestation, and protect our communities from international crime, drug trafficking, and acts of terrorism. In addition, multilateral peacekeeping provides the US a means to protect American interests and advance American values and ideals concerning human rights and free trade, and ensure the security of the "homeland" and our allies in situations where acting unilaterally or doing nothing is unacceptable. [Ref. 7]

The primary multilateral vehicle in existence today is the United Nations; imperfect as it may be, "it's the best we've got." Paying our debts to the UN may now be the only realistic way to press for more substantive reforms within the UN system. However, no matter what direction Congress and the executive administration choose

concerning our relationship with the UN, having a body such as the UN is better than not having one. If the lack of US financial support for the UN proves to be the impetus for the organization's demise, I believe, in the long run, that the result will be far more costly to the United States than payment of current assessments and arrears.

Until it becomes the "sense of Congress" that paying our nation's debts to the UN is imperative, little progress on this matter will be made. There is no doubt that the US is a leader among nations. It is time for her to be a better leader. Though, as a Naval Academy graduate, it is painful for me to employ the West Point credo, "Duty, Honor, Country," I believe Congress should take note of what these words imply. It is our duty to live up to our agreement under the UN Charter; it is a matter of honor, both at home and abroad; and, it is in our country's best interests to make the vision of "United Nations" work. If Congress, and the majority of those it represents, disagree, then we should withdraw from the United Nations. But, we should first consider what Ambassador Sklar, representative of the US delegation to the UN on management issues, points out:

> If we paid off $1 billion in debt, we could get a reduction of $80 - $90 million a year in annual assessments and about $50 million a year in peacekeeping . . . most businesses would be glad to get a 10 to 13 percent return on their investment. [Ref. 82]

APPENDIX A. PREAMBLE, ARTICLE 1 AND ARTICLE 2 OF THE CHARTER OF THE UNITED NATIONS From Ref. [3]

Preamble

WE THE PEOPLES OF THE UNITED NATIONS DETERMINED
to save succeeding generations from the scourge of war, which twice in our lifetime has brought untold sorrow to mankind, and
to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small, and
to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained, and
to promote social progress and better standards of life in larger freedom,
AND FOR THESE ENDS
to practice tolerance and live together in peace with one another as good neighbours, and
to unite our strength to maintain international peace and security, and
to ensure, by the acceptance of principles and the institution of methods, that armed force shall not be used, save in the common interest, and
to employ international machinery for the promotion of the economic and social advancement of all peoples,
HAVE RESOLVED TO COMBINE OUR EFFORTS TO ACCOMPLISH THESE AIMS.
Accordingly, our respective Governments, through representatives assembled in the city of San Francisco, who have exhibited their full powers found to be in good and due form, have agreed to the present Charter of the United Nations and do hereby establish an international organization to be known as the United Nations.

ARTICLE I

The Purposes of the United Nations are:

1. To Maintain international peace and security, and to that end: to take effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression or other breaches of the peace, and to bring about by peaceful means, and in conformity with the principles of justice and international law, adjustment or settlement of international disputes or situations which might lead to a breach of the peace;

2. To develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, and to take other appropriate measures to strengthen universal peace;

3. To achieve international co-operation in solving international problems of economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion; and

4. To be a centre for harmonizing the actions of nations in the attainment of these common ends.

ARTICLE 2

The Organization and its Members, in pursuit of the Purposes stated in Article 1, shall act in accordance with the following principles:

1. The Organization is based on the principle of the sovereign equality of all its Members.

2. All Members, in order to ensure to all of them the rights and benefits resulting from membership, shall fulfill in good faith the obligations assumed by them in accordance with the present Charter.

3. All Members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice, are not endangered.

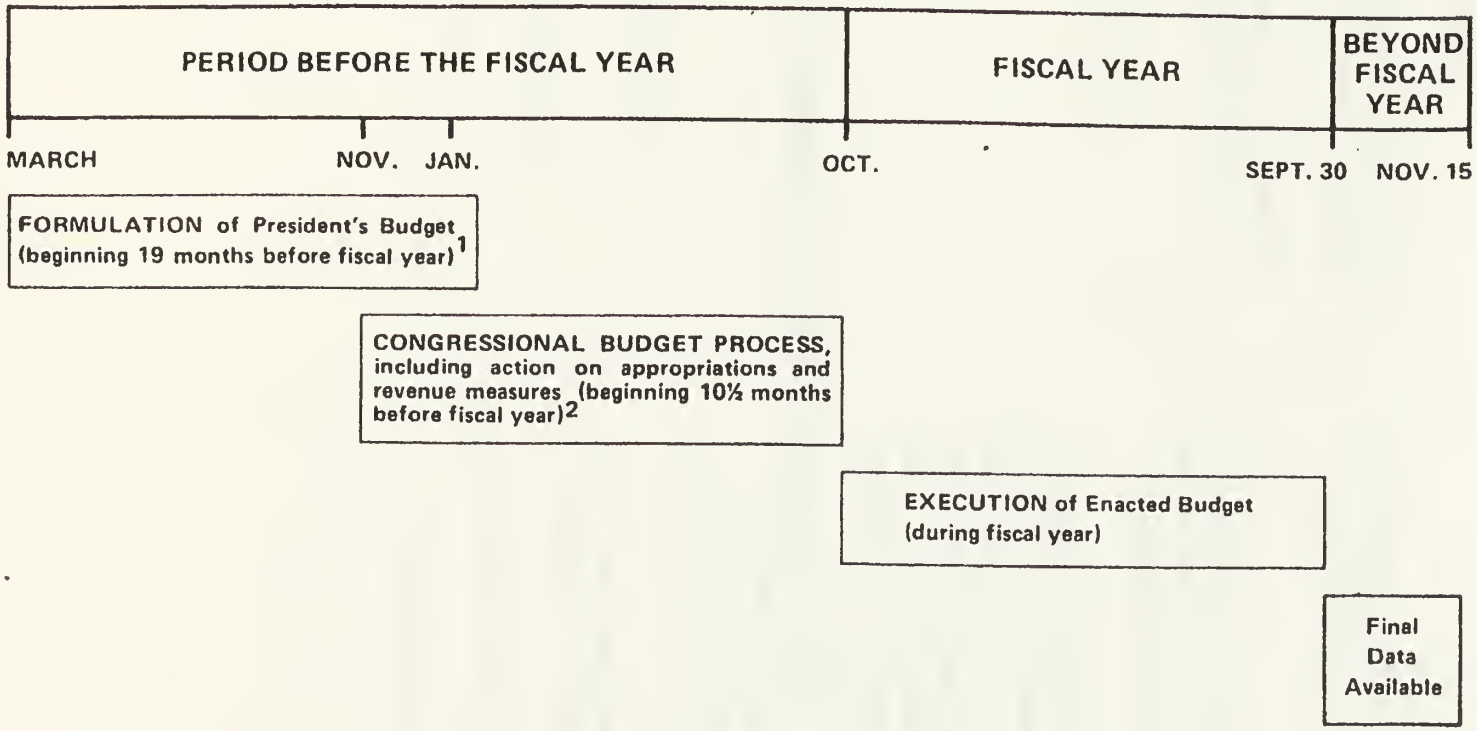
4. All Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the Purposes of the United Nations.

5. All Members shall give the United Nations every assistance in any action it takes in accordance with the present Charter, and shall refrain from giving assistance to any state against which the United Nations is taking preventive or enforcement action.

6. The Organization shall ensure that states which are not Members of the United Nations act in accordance with these Principles so far as may be necessary for the maintenance of international peace and security.

7. Nothing contained in the present Charter shall authorize the United Nations to intervene in matters which are essentially within the domestic jurisdiction of any state or shall require the Members to submit such matters to settlement under the present Charter; but this principle shall not prejudice the application of enforcement measures under Chapter VII.

MAJOR STEPS IN THE BUDGET PROCESS



[1] The President's budget is transmitted to Congress within fifteen days after Congress convenes.

[2] If appropriation action is not completed by September 30, Congress enacts temporary appropriation (i.e., continuing resolution).

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APPENDIX C. BUDGET TIMETABLE After Ref. [46]

Deadline	Event
1.Between the first Monday in January and the first Monday in February	The President submits the budget for the next fiscal year to Congress.
2.Within six weeks after President submits budget to Congress	All committees must submit their "views and estimates" reports to the budget committee in their own house.
3.By April 15	Congress is supposed to adopt the concurrent resolution on the budget. If budget resolution is not adopted by this date, appropriations committees will receive their allocations based on the amounts included in the President's budget.
4.By May 15	The House can begin passing appropriations even if a budget resolution has not yet been adopted.
5.By June 30	The House is supposed to adopt its version of all appropriations.
6.July-September	Senate action on regular appropriations.
7.October 1	New fiscal year begins.

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APPENDIX D. BUDGET FUNCTIONS After Ref. [38]

050: National Defense

150: International Affairs

250: General Science, Space, and Technology

270: Energy

300: Natural Resources and Environment

350: Agriculture

370: Commerce and Housing Credit

400: Transportation

450: Community and Regional Development

500: Education

550: Health

570: Medicare

600: Income Security

650: Social Security

700: Veterans Benefits and Services

750: Administration of Justice

800: General Government

900: Net Interest

920: Allowances

950: Undistributed Offsetting Receipts

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APPENDIX E. DEFENSE SPENDING: BUDGET RESOLUTIONS, AUTHORIZATIONS, AND APPROPRIATIONS, FY 1989 - 1997 (DOLLARS IN BILLIONS) After Ref. [50]

	Budget Resolution (BR)		Authorization Bill (AB)		BR +/- AB		Appropriation Bill (ApB)		BR +/- ApB		AB +/- ApB	
	BA	*O*	*BA*	*O*	*BA*	*O*	*BA*	*O*	*BA*	*O*	*BA*	*O*
FY97	265.6	264.1	265.6	264.0	0	-0.1	264.8	263.7	-0.8	-0.4	-0.8	-0.3
FY96	264.7	263.1	264.1	264.2	-0.6	+1.1	264.4	264.4	-0.3	+1.3	+0.3	+0.2
FY95	263.8	270.7	263.3	270.4	-0.5	-0.3	261.9	269.7	-1.9	-1.0	-1.4	-0.7
FY94	263.4	277.0	260.9	276.1	-2.5	-0.9	261.5	276.1	-1.9	-0.9	+0.6	0
FY93	277.4	289.1	275.7	288.8	-1.7	-0.3	275.2	286.8	-2.2	-2.3	-0.5	-2.0
FY92	290.8	295.3	290.9	294.2	+0.1	-1.1	290.4	295.2	-0.4	-0.1	-0.5	+1.0
FY91	288.3	297.0	288.5	297.3	+0.2	+0.3	288.3	297.6	0	+0.6	-0.2	+0.3
FY90	305.5	299.2	305.4	299.2	-0.1	0	303.7	299.2	-1.8	0	-1.7	0
FY89	299.5	294.0	299.6	294.0	+0.1	0	299.3	294.0	-0.2	0	-0.3	0

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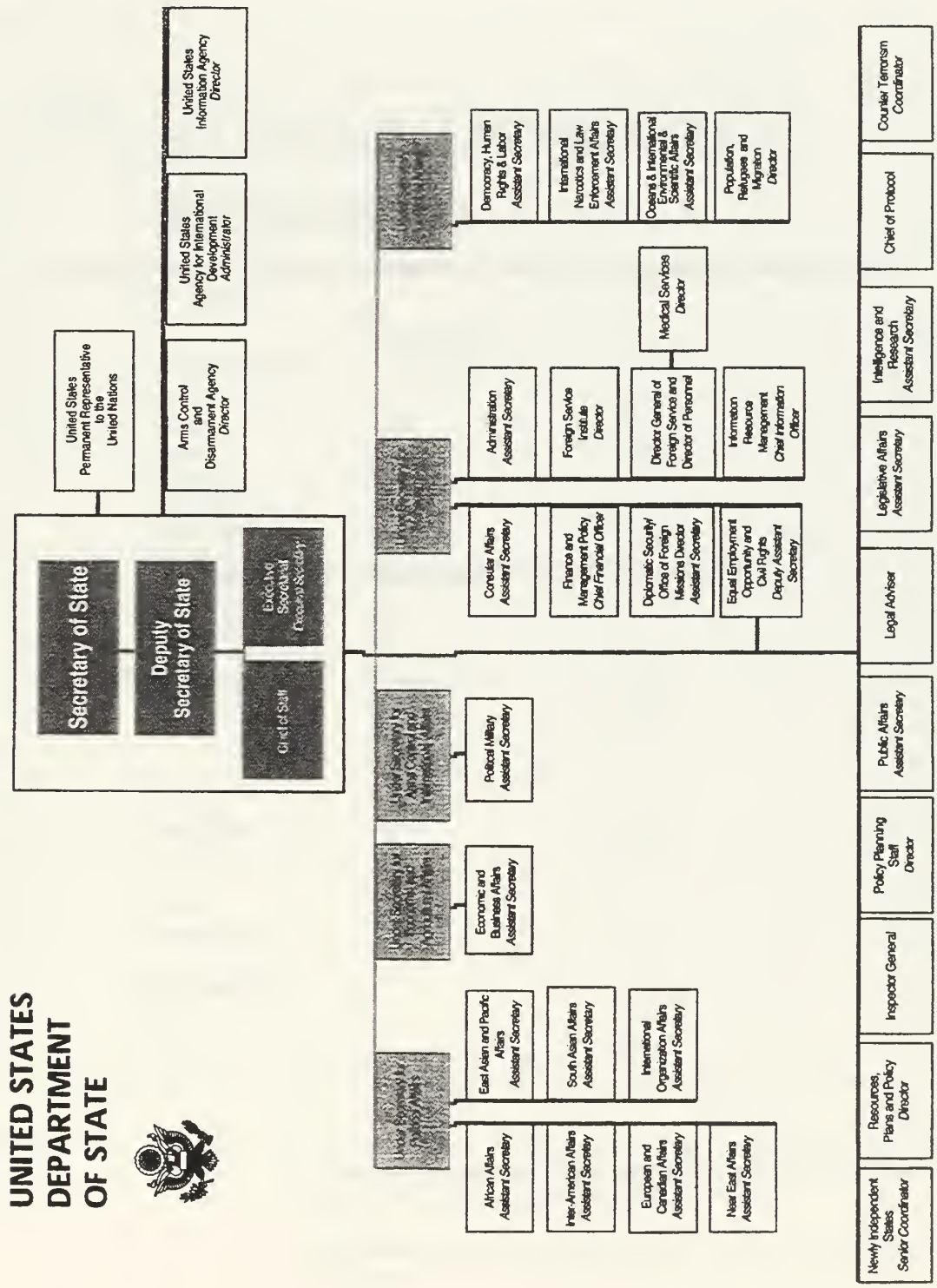
APPENDIX F. ORGANIZATIONAL CHART FOR THE US DEPARTMENT OF STATE From Ref. [54]



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DOD Accounts Credited With U.N. Reimbursements

Dollars in thousands

Fiscal year 1993 expense category	Appropriations credited in fiscal year 1994	Amount
Army		
Rations	O&M	$ 6,402
Sustainment	O&M	16,633
Medical supplies	O&M	484
Logistics contract	O&M	14,845
Personnel rotation	O&M	3,925
Support to other nations	O&M	5,670
Sale of trucks to U.N.	Other procurement	13,933
Repair parts for trucks	O&M	3,797
Sale of armored personnel carriers	Procurement	13,683
Personnel support	Military personnel	4,391
Miscellaneous	O&M	1,557
Subtotal		$85,320
Navy		
Marine Corps	O&M	1,380
Military Sealift Command	*a*	2,110
Subtotal		$3,490
Air Force		
Air Mobility Command	*a*	8,359
Miscellaneous agencies	*b*	955
Total		**$98,125**

[a]Officials at these commands could not readily identify accounts credited because funds were processed through an intragovernment revolving fund.

[b]We did not determine the accounts credited because only a small amount of credits was given to multiple agencies.

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APPENDIX H. STATUS OF UNPAID CONTRIBUTIONS (IN US DOLLARS) BY UN ACCOUNT, AS OF 28 FEBRUARY 1998 From Ref. [12]

U.N. account	Arrears	1998 Unpaid contributions	Total
Regular budget	$461,265,034	$781,526,082	**$1,242,791,116**
Peacekeeping missions			
UNEF/UNDOF	13,340,226	16,375,356	**29,715,582**
UNIFIL	109,735,917	60,304,686	**170,040,603**
UNIMOG	124,691	0	**124,691**
UNAVEM, UNAVEM II, UNAVEM III, MONUA	115,085,899	34,337,444	**149,423,343**
UNTAG	410,972	0	**410,972**
UNIKOM	9,794,359	5,654,260	**15,448,619**
MINURSO	48,009,658	8,795,977	**56,805,635**
ONUSAL, ONUCA	3,273,521	0	**3,273,521**
UNTAC, UNAMIC	46,276,497	0	**46,276,497**
UNPROFOR	691,186,539	0	**691,186,539**
UNOSOM, UNOSOM II	290,371,428	0	**290,371,428**
ONUMOZ	38,595,279	0	**38,595,279**
UNFICYP	14,920,258	13,663,103	**28,583,361**
UNOMIG	6,389,790	8,854,960	**15,244,750**
UNMIH	8,269,744	0	**8,269,744**
UNOMIL	8,169,798	0	**8,169,798**
UNAMIR, UNOMUR	26,802,341	0	**26,802,341**
UNMLT	13,913	0	**13,913**
UNMOT	1,853,084	2,912,941	**4,766,025**
UNPREDEP	7,212,272	24,894,744	**32,107,016**
UNSMIH	9,446,798	0	**9,446,798**
MINUGUA	324,737	0	**324,737**
UNMIBH	33,988,318	86,216,525	**120,204,843**
UNTAES	54,219,277	12,605,397	**66,824,674**
International criminal tribunals			
ICTY	6,922,707	48,292,999	**55,215,706**
ICTR	3,765,214	50,802,376	**54,567,590**
Total	**$2,009,768,271**	**$1,155,236,850**	**$3,165,005,121**

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APPENDIX I. STATUS OF UNPAID CONTRIBUTIONS (IN US DOLLARS) FOR UN REGULAR BUDGET, PEACEKEEPING MISSIONS, AND INTERNATIONAL CRIMINAL TRIBUNALS FOR THE TOP 25 DEBTORS, AS OF 28 FEBRUARY 1998 After Ref. [12]

Member state	Arrears	1998 estimated assessment	Total unpaid
United States	$1,290,335,659	$414,602,512	**$1,704,938,171**
Japan	89,032,241	255,151,287	**344,183,528**
Ukraine	225,889,568	9,059,415	**234,948,983**
Russian Federation	139,994,014	12,910,755	**152,904,769**
Germany	10,359,020	86,412,206	**96,771,226**
Italy	5,201,455	76,626,355	**81,827,810**
Belarus	54,906,593	1,926,309	**56,832,902**
United Kingdom	0	49,279,146	**49,279,146**
Brazil	29,429,892	17,634,465	**47,064,357**
Spain	0	36,406,393	**36,406,393**
France	6,558,519	28,570,973	**35,129,492**
Iran (Islamic Republic of)	14,261,888	3,533,086	**17,794,974**
Yugoslavia	14,923,183	699,957	**15,623,140**
Belgium	100	15,434,470	**15,434,570**
China	0	13,410,655	**13,410,655**
Poland	10,519,746	2,830,088	**13,349,834**
Argentina	3,645,610	8,934,864	**12,580,474**
Iraq	11,455,764	1,014,776	**12,470,540**
Republic of Korea	147,318	10,803,316	**10,950,634**
Mexico	3,994	10,903,364	**10,907,358**
Canada	0	10,478,377	**10,478,377**
Saudi Arabia	936,673	6,794,956	**7,731,629**
Libyan Arab Jamahiriya	5,612,883	1,821,998	**7,434,881**
Kazakhstan	5,922,823	1,446,060	**7,368,883**
Azerbaijan	6,470,523	700,263	**7,170,786**

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